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Thursday February 23 1989

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# Ayatollah denounces Iranian

liberals Ayatollah Ruhollah Khomeini Iran's spiritual leader; seized on the Rushdie affair to denounce liberals who have tried to soften the country's hardline Islamic image.
"As long as I am alive I will not let the Government fall to the liberals," he said in a speech which could have . speech which count nave far reaching effects on Iran's domestic and foreign policies. "I will cut off the influence of American and Soviet agents in all fields." Page 20

Bush in Far East President George Bush began six-day Far East tour stating that the US was "as much a Pacific nation as it is an Atlan-tic one — and the Pacific region is of great and growing importance in international affairs."

Rocard reshuffle Michel Rocard, French Prime Minister, reshuffled his Gov-ernment following the appointthe public works and housing minister, to the Constitutional

Council. Page 2

Prague reappraised Moscow is considering a reappraisal of the Soviet-led occu-pation of Czechoslovakia in 1968 which put the present conservative leadership into power in Prague. Page 2

**Camembert banned** Belgium temporarily banned sale of two French camembert cheeses after tests showed they contained the potentially lethal bacterium listeria.

Ziyang missing Speculation about the standing of Zhao Ziyang, China's Communist Party general secre-tary, has been given further impetus by his disappearance from the programme of a Hong Kong conference, Page 4

Sudan ultimatum Senior military officers in Sudan have issued an ultimatum to Mr Sadiq el Mahdi; Prime Minister, giving him one week to make progress in resolving the five-year civil

Fresh Tokyo jolt

war in the south. Page 4

Japan's ruling Liberal Demo-cratic Party received a fresh jolt when a prominent politician withdrew from an election for state governor because of his acceptance of contributions from the Recruit publishing group. Page 4

Algerian vote threat Islamic fundamentalists are threatening to attack Algerians voting today on constitutional reforms allowing independent political associations, remove all reference to socialism and refer to "fundamental rightsand freedoms." Page 4

Ortega pardon

President Daniel Ortega of Nicaragua is to pardon 1,709 prisoners jailed for crimes com-mitted under the previous gov-ernment of President Abastasio Somoza. Page 6

Seventeen drown

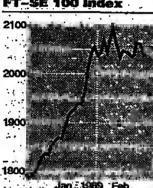
The 2,600 ton Panamatian registered freighter Secil Angola sank in a storm in the Atlantic with 17 crew on board.

Soloman vote Solomon Islanders voted in general elections expected to be won by the Alliance Party,

# Third US bank goes to NatWest for \$282m

is adding to its banking network in the north eastern US with the \$250m agreed acquisi-tion of Ultra Bancorporation. tion of Ilitra Bancorporation, holding company of the First National Bank of Central Jersey. The acquisition extends NafWest's strategy of gradual expansion, through the north eastern United States. Tem years ago it bought a bank in New York state now called NatWest USA. Fighteen months ago it added a New Jersey bank, now called NatWest Bancorp NJ. Page 21

FT-SE 100 Index at the close was down 27.3 points at 2.033.7.
Analysts commented that the market is still only 3.4 per cent off its trading peak, and expressed doubts over the near



term outlook. Some chart analysts speak of "strong support" around FLSE 1,980, but fear a fall to about 1,920, Currencles, Page 40.

smaller of two options exchanges in Stockholm, sur-prised the financial community by suddenly announcing Futures Exchange (SOFE). suddenly announcing that It is to close due to lack of business. Page 21

president, for Markin Lineer, called for a tough new law to chick down on money launder-ing. Page 2

GIB Belgiam's largest super-market group and the coun-try's biggest employer, expects consolidated net profits for 1988 to rise by 15 to 20 per cent, on a 20 to 22 per cent increase in turnover. Page 22

islands. Page 3 US TREASURY bonds slumped after the release of figures showing a 0.6 per cent jump in consumer prices in January, above market expectations and described by Mr Alan Green-span, chairman of the US Federal Reserve, as "disturbing."

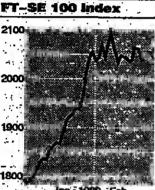
world's eighth largest arline, announced a \$3.15bn purchase of 20 Boeing 747-400s, largest sale ever of that particular

UK GOVERNMENT won its operating losses for

1987-1988. Page 6 HONG KONG and China Gas, Hong Kong utility company locally known as Towngas, reported a 32 per cent rise in 1988 net profits, which increased to HK\$424m (\$54.8m), compared with HK\$321m in 1987. Page 24

UK CONSUMERS would have to meet a bill of nearly £3bn if the privatised water industry was to comply by 1995 with EC standards. Page 8

NATIONAL Westminster Bank



SWEDEN'S Options and

SWITZERLAND'S central bank

EDGAR Brontman Jr. aged 34, will become president and chief operating officer of the Canadian Seagram group, world's largest drinks com-

pany. Page 23 ASEA BROWN Boveri (ABB). Swedish-Swiss electrical engineering group, won two con-tracts worth \$190m for a transmission system between New Zealand's North and South

Page 27 ALL NIPPON Airways (ANA), Boeing model. Page 3

approval from the European Commission to pay British Coal £109.5m (\$190.8m) to cover

# Swiss central bank chief seeks laws to relax secrecy

By William Dullforce in Geneva

LAWS to relax Swiss bank secrecy and make the laundering of "dirty-money" a crime were urged yesterday by Dr Markus Lusser, president of the Swiss National Bank, the country's central bank

central bank.

He also called for greater disclosure by Swiss banks, including the publication of consolidated accounts. His call follows the resignation last month of Mrs Elisabeth Kopp, Justice Minister, in connection with the so-called "Lebanon connection" case in which money from drugs traffick-

ing is alleged to have been laundered through Swiss banks.

The lack of detailed disclosure by the banks was highlighted this week when it was revealed that all three big Swiss banks had suffered losses in their London subsidiaries in 1987. Little or no indication of these appeared

in their annual reports.

Money laundering is not a crime

under which they undertake to iden-tify the owners of funds placed with

Partly as a result of US pressure, tha Justice Ministry has been prepar-ing a bill against money laundering for presentation to the federal Parliament this spring.

Money laundering is not a crime under the Swiss penal code; the only relaxation of the banks' secrecy obligations is a gentlemen'a agreement operated by the banks themselves

The banks have not opposed legislation but have been insisting that it should not give them a policing role. Writing in Weltwoche, a Zurich weekly, Dr Lusser described Swiss

financial markets as vital for the future growth of the Swiss economy. While it would be wrong to restrict capital flows, everything should be done to prevent their being utilised by

organised crime, be said.
"We have known for years that... the drug Mafia abuses our financial market to slip their wages of sin into the normal economy.' He denied that making money laundering a crime and obliging banks to identify their clients would turn the banks into policemen.

Rather this would sharpen bankers consciences and improve their dili-

It would not be enough to make deliberate involvement in money launderering punishable, Dr Lusser wrote. Assistance through negligence also had to be tackled.

The banks had to identify each of their clients and to refuse to accept money from anonymous sources. The banks' gentlemen's agreement should

# Increases in US prices and earnings heighten fears over inflation

year has already checked the rise in gold and commodity

prices, and will reduce general inflation this year. Mr Michael Boskin, Presi-

Mr Michael Boskin, President George Bush's chief economic adviser, who has argued that there is not yet any clear rise in the underlying inflation trend, conceded: "The US is now at a point in the expansion where an acceleration of inflation is a greater risk than it was earlier."

The acceleration in the consumer mice index was taken

sumer price index was taken by some private analysts as evidence that the Fed's "cen-tral tendancy" projection of inflation at 4.5 per cent to 5 per cent is optimistic.

It was, however, almost entirely due to the exceptional food, energy and tohacco price increases already shown in the

I per cent rise in the producer price index, together with a I per cent increase in the costs of services other than housing

The rise in earnings, on the other hand, reflected not only a faster rise in homly wages but a pick-up in average weekly hours, which have been

By Anthony Harris in Washington US CONSUMER prices and real earnings increased sharply last month. The figures prompted steep falls on markets - the Dow Jones Industrial Average dropped by 42.32 to close at 2,284.11 – and were described as disturbing by Mr Alan Greenspan, chairman of the

Federal Reserve.

The 0.6 per cent rise in the consumer price index, the most widely used measure of inflation in the US, is the largest monthly jump in two years and sharply above the recent trend:

Last monthly rice. in prices Last month's rise in prices, announced yesterday by the Labor Department, hrings the annual consumer price inflation rate to 4.5 per cent, marginally up from the long standing 44 per cent average. At the same time the department said real earnings also increased by 0.6 per cent last month.

Mr Robert Hellor, another led www.rver end the recent

Fed governor, said the recent trend was disconcerting and added: "Wa are beginning to get a stronger inflationary A minority of the Fed gover-

nors, however, whose most vocal spokesman is Mr Wayne Angell, continue to argue that the tightening of policy last

an international peace initia-

tive by explaining that the Israeli Government favoured

direct talks with its neighbours

ence between their respective



# Paris and Bonn pledge unity

Continued on Page 28

and transport.

By George Graham in Paris

THE French and West German Governments yesterday joined forces to state their determination to fight inflation.
At a meeting of the Franco-German economic and mone-

tary council in Paris yesterday the two sides, which have not always been in agreement in recent months over the West German Bundesbank's insisin prices in the UK and the US, saying that if economic growth were to be durable, it must be based on disinflation.

Mr Gerhard Stoltenberg, the West German Finance Minis-

ter, said the two countries had last year narrowed the differinflation and interest rates, while maintaining similar growth rates. In 1989, with the French economy expected to grow hy about 3 per cent com-pared with 2.5 per cent for West Germany, economic policy convergence must be strengthened with other indus-



Alan Greenspan: disturbed

tence on raising interest rates to head off inflationary pres-sures, warned against the rise

against the dollar at \$1.7515. It closed in New York at \$1.7480.

# Steep drop in sterling surprises economists

By Simon Holberton, Economics Staff, in London

STERLING ended lower in nervous trading yesterday after renewed selling pusbed the currency towards levels last seen in November when the British Government raised bank base rates to 13 per cent to defend it.

Over the past two days the currency has fallen by nearly 1% per cent on the basis of its index against a basket of cur-rencies. The fall has brought to nearly 1% per cent its drop since the beginning of the year.

City of London economists have been surprised by the steep two-day drop in sterling and said that any persistent weakness could pose a major problem for Mr Nigel Lawson, the Chancellor of the Exche quer, who is entering the final phase of preparation for his

Thera is evidence that growth in demand in the economy is slowing, in response to his policy of high interest rates and any further rise in interest rates would run the risk of slowing the economy too

But allowing the pound to fall would risk exacerbating inflationary UK pressures, they

The markets expect the Bank of England to intervene to support sterling should it fall much further. With the UK's foreign reserves currently at a record \$51.7bn, the Bank has room to move.

Analysts noted that there Analysts noted that there had been no new information on the state of the economy recently to change people's perception of the UK.

In London, the pound closed down 1 pfennig at DM3.2150 bnt was largely unchanged against the dollar at \$1.7515. It

Currencies, Page 40

being sought by both sides.

The determination would be

# Norwegian, UK groups contest oilfield share

A DISAGREEMENT between licence holders in the North Sea's biggest oil field has raised the prospect of a trans-fer of hillions of dollars between the field's UK and Norwegian partners.

After a four-year study of

data on the Statfjord field, which straddlas the median line between Norway and the UK, Statoil, the Norwegian state oil company which oper-ates the field, is proposing that the UK interest should fall from 15.9 to 11.9 per cent. The UK interest holders, Conoco, Chevron, and BP, how-

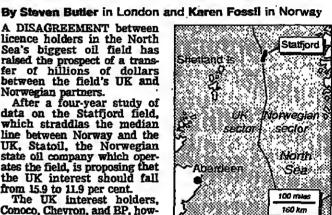
ever, plan to claim that the UK share should rise to 20 per cent. The three bold equal shares of the UK licence, with Conoco as nominal operator. Conoco also bolds an additional 8.41 per cent interest in the field through its Norwegian subsidiary, giving it a total stake of 13.71 per cent.

Failure to reach agreement by March 10, would lead to the dispute being submitted to a technical expert for what amounts to hinding arbitration. The shares are decided according to geological data showing how much of the field's oil lies on the UK versus the Norwegian side

The stakes are huge. Within 10 days of a redetermination of shares, the winning side would have to reimburse partners proportionately for already paid capital costs, which Stat-oil said yesterday total NKr50hn (\$7.48bn) at current prices. This would equate to NKr2bn in the event of a 4 percentage point shift which is

retroactive to the beginning of work on the field. Oil already produced from the field, which amounts to about a third of the field's total reserves of 3.3bn barrels, would also have to be

PROTECT YOUR



reimbursed within two years The Statoil claim is understood to amount to about three years' of oil liftings for the UK partners and would cost the UK Government about £1hn of revenues. Statiford is produc-ing about 720,000 barrels a day of crude oil, the highest output

of any North Sea field.

The redetermination review of the field was begun in 1985 at the prompting of the UK partners. They believed their share should be raised.

Redetermination. which occurs periodically during the life of the field, was supposed to have been completed two years ago, but completion was delayed as continued drilling produced new data on the field. According to the agreement among the partners, however. settlement must be reached by March 10, or it will go to arbitration. A further redetermination is set to start in May, with a final redetermination planned after development dril-ling on the field is completed.

Statoil has 42.05 per cent of the field. Other big stakehold-ers include Mobil, with 12.61 per cent, Exxon with 8.41 per cent, and Sheli with 8.41 Non-Opec producers, Page 32

# Shevardnadze urges Israel to soften line on Mideast talks

By Tony Walker in Cairo

THE Soviet Union yesterday urged Israel to soften its hard-line objections to an international peace conference on the Middle East, but made clear its desire to preserve and broaden its dialogue with the Israelis. Mr Eduard Shevardnadze, the Soviet Foreign Minister, in a lengthy meeting in Cairo with Mr Moshe Arens, his Israeli counterpart - the first detailed discussions between the two men - sought Israel's co-operation in efforts to break the stalemate in Middle East

Although the Soviets and the Israelis differ sharply on ways to proceed towards a peace settlement, Mr Shevardnadze clearly wished to avoid exposing stand discontinuous at the standard settlement. ing stark disagreements at this mg stark disagreements at this early stage in efforts to bring to the negotiating table all the parties to the dispute, including the PLO.

Mr Arens said he had responded to Mr Shevardnad-responded to Mr Shevar

ze's suggestion that Israel join

instead. However, Mr Arens reiterated his country's refusal to deal with the FLO.

Mr Shevardnadze said later
it would be "naïve" to expect all differences to have been resolved, but he added that there had been an "open, trank

and honest dialogue."

The relatively constructive tone of the meeting appears to reflect a Soviet desire to persuade the Israelis that its bold intervention in regional affairs should not be regarded as a threat to Israel's interests. It is also a sign of serious Soviet interest in resuming a central role in Middle East diplomacy. Under Mr Gorbachev, the Soviet Union has been moving steadily towards a resumption of relations with Israel after a gap of 20 years. Moscow broke ties after the 1967 war.

easier for the Soviet Union to play the role it wants to play in the Middle East" if relations were restored, but he added that Israel would not agree to preconditions. This was a reference to the Soviet offer to rees-tablish formal links provided Israel agreed to an interna-

Mr Shevardnadze, who unvelled a three-point peace initiative in Damascus on his arrival in the region at the weekend, has said repeatedly that progress hinges on Israeli co-operation. "Without goodwill on the part of Israel, there can be no solution to the conflict and that is one aspect of the real situation," he said

The Soviet mitiative envisages the convening within nine conference, attended by the five permanent members of the Security Council, and all par-ties to the dispute, including Mr Arens said it "would be the PLO.

Nator Hawks forget it is politics which bind tha

Perus Garcia fails to cope with economic col-

Managements UK retailers provide a ahop

Editorial comments Destruction in the Ama-

# **ASSETS** WITHALITTLE INSIDE INFORMATION

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Companies\_. World Trade

election in Jamaica which brought Mr Michael Manley back to power was less a rejection of former Prime Minister Edward Seaga's achievements than a statement that poor Jamaicans saw none of the benefits

Apriculture

Currencies

World Guide -

Britains Don't pretend to repay the Public Sec-Less Currencles; Stock Exchange; Woolworth; 

window for on-screen layouts ...

zon; Boom or bust in Australia

Surveys Kuwait ...

which wants to oust Queen Elizabeth as head of state.

Japan Nikkel average '000 New York closing \$1,7480 (1,7490) Jan 1989 Feb DM1,8345 (1.84155)

INTEREST RATES Federal Funds 97% (9년) 3-mth Treasury Bills: yleid: 8.83% (8.754)
Long Bond: 97 11
(981<sub>6</sub>)
yleid: 9.13% (9.051)
GOLD New York tatest Comex April-\$390.3 (389.4) 3-month interbank:

\$1,7515 (1.7505) SFr2.7450 (same) Y221.75 (same) DOLLAR SFr1.5650 (1.5680) Y126.40 (127.105) DM1,8355 (1.8420) FFr6.2550 (6.2750) SFr1.5665 (1.5685) Y126.55 (126.75)

STERLING

New York cleeking Dow Jones Ind. Av. 2,284.11 (-42,32) S&P Comp 290.92 (-5.06) London: FT-SE 100 2,033.7 (-27.3) (45:53 (Tues) Tokyo Niikkei Ave 32.311.93 (+331.85) Frankfuri Commerzbank

1,632-1 (-18.6)

West Tex Crude

\$16.695 (-0.18) (April)

Brent 15-day (Argus) \$16.675 (-0.15) (March)

Commission couples optimism on Community economy with warning on imbalances

# EC 'set for two years of strong growth'

By David Buchan in Brussels

The European Community is heading for at least two more years of buoyant investmentled, job-creating growth, but dangerous gaps are opening up between the economic performances of some member

This is the main message of yesterday's update by the European Commission of its October 1988 annual report. Making its first forecasts for next year, the Commission pre-dicts that the Community's gross domestic product will show a 3 per cent real increase both this year and in 1990, falling off only slightly from the very strong 3.7 per cent increase in 1988.

But Mr Henning Christophersen, the EC Commissioner

for macro-economic affairs, warned that trade imbalances, budget deficits, and widening inflation differentials between some of the 12 could yet undermine progress in creating a

Czech police

hold another

By Leslle Colitt in Prague

CZECHOSLOVAK police yesterday arrested a spokes-

man for the Charter 77 human

rights group, Mr Tomas Hradi-lek, accusing him of incite-ment to rebellion and harming the country's interests abroad.

He faces a maximum fiva

years in prison.
Mr Hradilek wrote a protest
letter to Mr Milos Jakes, the

Communist party leader, after

the police suppression of a demonstration last month in

Prague. The letter was broadcast to Czechoslovakia by Western radio stations. Until Mr Hradilek's arrest

be was the only one of Charter 77's three spokesmen not fac-ing criminal charges. One, Mr Alexander Vondra, was charged with "hooliganism",

along with seven other opposition members whose trial was

expected to end later yester-

day.
The youngest to stand trial in Prague. 18-year-old Mr Stanislav Penc, was arrested for placing a bunch of forested

last January 16 on the statue

to St Wenceslas in Prague to

commemorate the snicide death of the student Jan Pal-lach who set himself afire 20

years earlier. He said that three "wit-

terday were security police-

The authorities yesterday

nating harsh repression against some opposition activ-ists with relaxation toward

others, with officials of Pra-

gue's second district being

informed that the Independent Peace Association that it could

hold a meeting next Saturday in a public hall.

who had testified yes-

ieir policy of aitei

dissident

single Community market by the early 1990s. Yet the report implies that even the degree of existing integration has now made the Community, accounting for s quarter of world GDP more vulnerable to internal than external imbalances.

Mr Christophersen singled out the UK's trade deficit for particular criticism, in contrast to Spain and Portugal whose deficits did not concern Brus-sels "as long as we see them as being part of a healthy investment-driven process". By con-trast, the UK trade deficit, which the Commission believes will rise from 3.2 per cent of GDP last year to 3.4 per cent in 1989, is the result of "an unsatisfactory savings rate and consumption that is too high", the

Commissioner warned. The remedy, the report says, lies "above all in an increase in national savings since a reduction of the investment propen-sity would be unwelcome".

at constant prices (% change on previous year)

> Published just before next month's UK budget, it calls for "appropriate budget policy measures and a more moderate development of wage costs". However, the Commission is equally cautionary about the opposite phenomenon of West

Germany's growing trade surplus, forecast to increase from
4.1 per cent of GDP last year to
4.3 per cent in 1989-90. "The
Commission does not think further increases are sustainable," Mr Christophersen said, adding that the emerging sin-gle market imposed "an obliga-tion on countries to contribute to a more balanced situation".

So far capital ontilows from West Germany had prevented strains in the European Mone-tary System (EMS). But the report talks of "an underlying fragility" to this monetary calm. It also notes the ten-dency of German manufacturing to become more and more export oriented, and says that this is restraining growth in services and in jobs overall.

Other cantionary notes are directed towards budget deficit countries like Greece, Italy and Belgium and to the splitting of the 12 into three distinct

performance. "It takes a long time to dampen inflationary expectations - they can be quickly rekindled.

It puts the UK in the middle camp of countries with infla-tion rates of around 5 per cant a year, but Mr Christophersen acknowledged that recent UK government estimates made

this too optimistic.
On growth in the EC the

on growth in the EC the report says this "is now more employment-creating than ever". It forecasts that, in contrast to the loss of 24m jobs in 1981-85, 8m jobs will have been created in 1986-90.

But only 1.25m of these new jobs will help reduce employment, leaving the Community jobless rate still at around 10.5 per cent in 1990, compared to

per cent in 1990, compared to the 1986 peak of 11.7 per cent. The rest of these new jobs, 4.75m, will be absorbed by an rise in the labour force and an increase in the numbers, espe-cially of women, seeking work.

# Swedish energy costs to rise

By Robert Taylor in Stockholm

SWEDEN faces the prospect of supply.

a doubling in the cost of its He added that the effect of energy production as a result increasing energy costs would of the planned phasing-out of be felt across a wide range of its nuclear power programme from 1995, according to Vattenfall, the country's state power

The company announced yesterday that it intended to spend SKr13bn (\$2bn) in alternative oil supplies to make up for the shortfall in its energy that will follow the phasing out of Sweden's first two nuclear

try and the consumer will need to go by 40 per cent by the mid-1990s, due to the contrac-tion of nuclear power that accounts currently for around half of the country's energy

services, including food pro-duction, and would hit the forestry, metals and mining industries particularly hard. Sweden is planning to buy natural gas as a replacement in the power stations for nuclear anergy. At present, negotia-tions are under way between Vattenfall, the Finnish state-

of Sweden's first two nuclear owned off company Neste Oy, power stations in 1995 and 1996. The remaining 10 are due to be shut down by 2010.

A Vattenfall semior executive warned yesterday that energy prices both for Swedish industry and the consumer will need to go by 40 per cent by the mid-1996s, due to the contraccrats to announce that they intended to close its nuclear energy industry by stages from the middle of the 1990s.

# Low wage rises agreed by unions in Denmark

DENMARK'S TRADE union faced with the prospect of risfaced with the prospect of rising unemployment, are agreeing to a lower rates of wage
increases in 1989-90 than at any
time in the past 30 years,
writes Hilary Rames in Copenhagen. Although the spring
round of bargaining for twoyear collective wage agreements is not yet over, deals for
office workers at the weekend
and the metalworkers late en
Tuesday, which are expected to Tuesday, which are expected to set the pattern for the rest of the labour market, provide increases in basic rates of about 1 per cent.

### Recard reshuffles French cabinet

Mr Michel Rocard, the French Prime Minister, yesterday reshuffled his government fol-lowing the appointment of Mr Maurice Faure, the Public Works and Housing Minister, to the Constitutional Country, the country's supreme country the country's supreme court for administrative and consti-tutional matters, writes Paul Betts in Puris.

Mr Michel Delbarre, the

Transport Minister, will now also take over Mr Faure's responsibilities. There is specu-lation that there could be a wider reshuffle in the govern-ment after next month's municipal elections.

### Soviet air traffic control protest

Moscow air traffic controllers are refusing to collect their wages in a protest over pay, working conditions and the lack of modern equipment, the weekly Literaturnaya Gazeta said yesterday, Reuter reports from Moscow. It reported that about 350 controllers at three airports were taking part in the protest and a further 200 who originally joined in had given up because of financial difficulties. The action had been going on for more than two months although flights had been unaffected.

### German forces seen as 'old fashioned'

Almost half of West Germans reject their armed forces as an outdated institution, the weekly magazine Quick said yesterday, Reuter reports. It said 44 per cent in a representative survey felt the West Ger-man armed forces were "old-fashioned." The survey bolstered other polls showing many West Germans no longer see the East bloc as a threat.

### Appeals in Italy's biggest Mafia trial

An appeal hearing began yesterday against the verdicts in Italy's biggest Mafia trial, which sentenced 338 gangsters to 19 life terms and more than 2,700 years in jail, Reuter reports from Palermo. Appeals are being made by both prose-cution and defence against the verdicts, including acquittals, on 424 of the original 474 defendants. Only about 100 of those sentenced are in jail. The rest are on the run or have been released pending the appeal.

### Amnesty criticises Bulgaria crackdown

The Bulgarian authorities have come under sharp criticism from Amnesty International for failing to halt a crackdown on dissidents and refusing to provide information about imprisoned ethnic Turks, writes Judy Dempsey in

The 14-page report published this week claims that the Bul-garian authorities have been torturing ethnic Turks and pre-venting independent human venting independent numan rights groups from operating freely throughout the country. For their part, Bulgarian offi-cials have consistently denied the existence of any Turkish minority on the grounds that any "Bnlgarians" with so-called Turkish names were forced to adopt them during the Ottoman expension

The report also cites cases where members of human

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Financial Times (Scandinavia) Ltd. Ostergade 44, DK-1100 Copenhagen K. DENMARK Telephone (01) 13 44 41; Fax (01) 933335.

# Mediobanca chiefs face charges

By Alan Friedman in Milan

THE MILAN public prosecutor is seeking the criminal indictment, on charges of falsifying balance sheets, of the chairman and other top executives of Mediobanca, the powerful and secretive Milan merchant

The prosecutor's request, which will now be decided npon by an investigating mag-istrate, calls for the indict-ment of nine Mediobanca offi-cials including Mr Francesco Cingano, chairman of Mediobanca; Mr Vincenzo Maranghi, the bank's managing director; and Mr Enrico Cuccia, the 80year-old honorary chairman of

By John Wyles in Rome

MR CIRIACO DE MITA, the

outgoing leader of Italy's Chris-

tian Democrats who remains Prime Minister, yesterday wound up the party's congress

with a clear warning that he will resign as bead of Govern-ment unless he is given strong

enough backing to reform the country's public finances. Though the Prime Minister's

75-minute speech won s 30-min-

ute ovation, there was no dis-guising the fact that the con-

gress bas been a personal defeat for Mr De Mita and the

Mr Arnaldo Foriani, the suc

cessor he seemed to want least,

was formally elected party sec-

retary last night; and the four-

day congress has been pep-

pered with speeches so critical

of his seven years as party sec-retary that he was forced yes-terday to counter charges that

he had exercised a "tyranny."

faction that be leads.

The indictments have been songht because the public prosecutor believes that evidence gathered over the past year shows that between 1976 and 1980 Mediohanca operated a L20bn (\$14.8m) slush fund which was used to favour some of the bank's clients with subsidised interest rates and to pay special incentives to Mediobanca executives.

The charge of falsifying balance sheets relates to the alle-gation that the slush fund did not appear in Mediobanca's annual report and accounts.

The slush fund is said to

De Mita demands support for

As a whole, the party has appeared totally absorbed by its past and present and preoc-

cupled very largely by the question of bow it can remain in the driving seat of post-war

of unity, clear anti-southerner prejudices have emerged (Mr

De Mita is a southerner) and differences over whether it is a lay party "of Christian inspira-tion" or a Catholic party.

Policies have been referred to only in passing, while the general tone has been populist,

lutely determined to avoid

being pushed into a "conserva-tive" box by any hypothetical

between the Socialists and the

The habitual relish which

the DC derives from distributing public money to its own that there are not the conditions to govern," he said.

Communists.

Despite extravagant claims

Italian democracy.

reform of public finances

have been discovered by the Guardia di Finanza, Italy's fis-cal police. Mr Cingano and some of the others whose indictments are being sought occupied different positions between 1976 and 1980, but as they were members of Mediobanca's executive committee they may be held responsible.

For Mr Cuccia, this is not the first time possible charges are looming. Mr Cuccia was investigated in 1985 for his alleged involvement in a 1970s embezzlement scheme that concerned the IRI state group,

political advantage is making it very difficult for Mr De Mita to mobilise the party behind

his coalition's top priority — curbing budget deficits and the public debt.

The "unity" resolution due to be passed last night com-mits the BC to enpare the

mits the DC to support the Government's budget reform

policy for acting on both reve-nues and expenditure. But this does not guarantee Mr. De Mita

either the support of his DC

colleagues in massive spending departments such as health,

nor the approval of its parlia-

legislation.
"If the conditions exist for

going ahead with curing the

country's problems, Mr De

Mita has the duty to stay at his post; if these conditions are not

there then De Mita will say

nentarians for governi

# Belgian communes act to save endangered Romanian villages

By David Buchan in Brussels

MOUNTING West European MOUNTING West European concern over human rights violations in Romania has this week taken the form of special hearings in the European Parliament and moves by Belgian communes to "adopt" endangered Romanian villages. Some 80 Belgian communes have so far nnilaterally adopted the same number of Romanian villages threatened by buildozers in President

by bulldozers in President Ceausescu's programme to re-group some 8,000 of his

country's 13,000 villages into new regional centres.
Belgian organisers of this campaign hope it will spread to other West European communes and villages adopting their Romanian

Following a special conference on Tuesday, the European Parliament, for its part, looks likely to issue another condemnation of the Ceauseecn Government'a behaviour at its March plenary

also emerge.

The only plausible form this could take would be denunciation of the EC's 1980 trade and co-operation agreement with Bucharest. So far, and in sharp contrast with fast moving trade diplomacy with the rest of Eastern Europe, the Commission has refused to act on Romanias of the contrast for an inverted of the contrast of also emerge. request for an upgrading of

session, where some pressure for economic sanctions may

" An early test will be dis-cussion in cabinet, possibly next week, of spending cuts proposed by the Prime Minis-

ter's staff which range from ALL SMILES: Party rivals raising the retirement ages to Ciriaco De Mita and Arnaldo major economies in the health Forlani shake hands at the Christian Democrat congress.

# Sweden warned of problems posed by 1992 W German divide set to widen

By Guy de Jonquières, International Business Editor

SWEDEN WILL face serious difficulties in safeguarding its economic and trade links with tbe European Community after 1992 unless it moves closer to full EC membership, says a report from Britain's Royal Institute for International

The report, by two Swedish academics, stops short of advo-cating full membership. It acknowledges that neither Sweden nor the EC yet seems ready to tackle the challenges such a step would raise, and that for the moment both sides seem most comfortable advanc-

"middle way", which would shelter the country from the threat of economic discrimination by the EC without requiring it to integrate itself tightly with EC decision-making. Sweden faces an "over-whelmingly complex" agenda, says the report, in trying to ensure that its national legisla-

tion develops in parallel with the EC's internal market directives, all the more so since the process must also fit into existing co-operation with Sweden's

The report sees a particu-larly large problem looming ing along parallel tracks.

However, it describes as unrealistic the Swedish Government's policy of seeking a with those of the EC, particu-

increasingly hard line towards non-European trade partners. Even if Sweden committed itself by treaty to implement EC external trade policy, that would be unlikely to satisfy the Community, which might fear that a future Swedish Government would not abide by such an agreement. "Only if Sweden allows itself

to participate as a Community member in the formulation and Community be sure that a Swedish Government will always be able to defend and implement decisions at home which have been taken in Brusseis.
"Only through a strong insti-

larly if the latter takes an intional link between Sweden and the Community could the Community for its part accept an abolition of its border con-trols against Sweden," the report says. That would mean Sweden's closer involvement with EC decision-making in all areas except foreign policy. However, the report con-

cludes: "Irrespective of how far Sweden could stretch its posi-tion, it might not be enough for the EC. For the time being, EC members also seem to perceive the problem in this way." A Swedish View of 1992, Carl Hamilton and Carl-Einar Stalnantion data Cort-Estad Stat-vant, E3, Royal Institute of International Affairs, Chatham House, St James's Square, Lon-don SW1Y 4LE. 01-930 2233.

THE NORTH-SOUTH divide in West Germany is likely to be exacerbated by the European Community's open market after 1992, despite the fact that an extra 200,000 to 600,000 Ger-

man jobs should be created, according to a report published by the Empirica Group.

It says the assumptions of the European Commission's Cecchini Report (which projects a 4.5 report vise in crees. jects a 4.5 per cent rise in gross national product as a result of the single market plan) are too optimistic, and that without proper management the open market will widen both national and regional imbal-

Northern German states, like North Rhine Westphalia, had

been expected to benefit more from 1992 than the faster growing southern states, like Bav-aria, which has no borders with the other EC countries. But Empirica concludes that, at least on a low-growth, slow integration, assumption, the south will continue to outstrip the north because of its better trained workers and more

sophisticated technology.

North Rhine Westphalia is the centre of the West German investment goods industry and, thanks to the recent European investment boom, actu-ally enjoyed growth above the

national average last year. But the report warns that such growth will be difficult to sustain in view of the south's

technological edge.
Intelligent regional interven-tion could prevent the exacerbation of the north-south divide but that should not take the form of traditional subsidies, the report's authors sug-gest. This is both because they have proved ineffective in prohave proved ineffective in promoting sustained growth and because the Commission is, in any case, trying to reduce regional aid in the country.

One EC-wide problem pinpointed by the report is that faster growth inspired by 1992 is likely to create an even bigger current account surplus in West Germany which will require either a higher D-Mark or slower growth in the importing countries.

the Ottoman occupation.
Nevertheless, Amnesty estimates that more than 150 Turks are in prison.

rights groups, such as the Inde-pendent Association of Human Rights, have been detained.

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# Nato hawks forget it is politics which bind the alliance

East and West are on the threshold of a broad detente of which arms control is a partial reflection

Administration to exercise restraint in the debate over the modernisation of nuclear weapons in West Germany. This is a sensible proposal: the issue is shaping up as a tattle of wills between Washington and Bonn, and promises to be bruising as well as counter-productive.

Unfortunately, a second more difficult step is necessary, to recognise that Bonn and Washington are now addressing two subtly different agendas, and that there is no way the Germans sre going to prefer the American one.

Two factors point towards this conclusion. The first derives from the 1987 US-Soviet INF agreement to remove all medium-range land-based nuclear missiles from Europe. The seconi is Mikhail Gorbacbev's perestroika, which necessarily alters the balance between defence and diplomacy in Europe's security considerations. At the time, some Western leaders worried that the INF sgreement might undermine Western deterrent strategy. Only now are we beginning to feel the real costs of the agreement. Naturally, these real

Opponents of the so-called "zero option" argued that the removal of these Euro-missiles might de-couple Europe from the US deterrent, and would remove a significant nuclear threat to Soviet territory. The real problem is that the agreement, and the emotional agony Europe went through to get it, have put a nasty crimp on Nato's general ability to handle its nuclear dilemmas.

This is illustrated by the latest twist in the face-off between Ger-many and the US, over the modernisation of Nato's 88 short-range Lance missiles. These missiles will be obsolete in the mid-1990s; but the Americans (and the British) want some kind of Nsto commitment now, so as to persuade Congress to vote the development costs of a new system.

Unfortunately, the Germans have been here before, and they do not relish a re-run. Mr Gorbachev eventually clinched the zero option; but

pared with this major gift to Moscow, the theoretical argument over extended deterrence is a mere will-o'-the-wisp.
Mr Hans-Dietrich Genscher, the

FDP Foreign Minister, has made no secret of his desire to postpone any decision on a Lance follow-up; now he has been joined by Chancellor Helmut Kohl, emerging from his former posture of ambiguity, to declare that no decision needs to be taken for two or even three years,

The Americans claim to be optimistic that a compromise agreement can still be reached. Despite Mr Kohl's declaration, there remains a beavy fog factor in the German position, and in theory it is not too difficult to imagine a form of words in a Nato communique which ought to satisfy Congress without committing the German Government.

Yet Bonn's reservations about a new nuclear missile are now a public fact, and it is hard to imagine exterthat West Germany will in practice go through the process of deploying any major new nuclear missile system, in the terms in which that proposition is currently being presented.

Ostensible German objections are deceptive. They dislike the idea of a short-range missile, which can only be deployed on German territory, and can only increase the risk to Germans (East or West); and in any case this is not the right time to take such a decision, when the priority is detente and arms control.

The first of these problems may be more soluble than the second. If we are talking about land-based missiles, they must be short-range, because the longer-range missiles are banned by the INF treaty; if Nsto wants to answer German short-range fears, it can only do so with medium-range missiles which are not land-based.

Such an answer could well be available, in the stand-off air-launched missile being developed by phrase the modernisation plan, as a mixture of some land-based missiles and some air-launched? Last week Mr Alfred Dregger, CDU parliamen-tary leader, made clear to me that he could accept something of this sort. The second German objection, that this is not the moment, is much more difficult. There is no reason why the present period of detente and arms control should end in 1991,

or indeed any time to suit the obso-lescence of the Lance missiles. Nato may compromise on a face-saving formula now; but unless the Cold War returns, the Germans will be just as keen to avoid a binding commitment in 1991 as they are now. They are keen to avoid it, because the kind of detente potentially on offer is a new phenomenon in post-

war Europe. The detente of 1968-72 failed because its only expression was arms control, which could not overcome an essentially hostile political relationship. Today, we could be on the threshold of a broader political detents, of which arms control is only a partial reflection.

European pillar of Atlantic security.
What is not far-fetched is the wide-spread assumption in Bonn that the East-West quandary is political, and requires a political response. Nato hawks accuse the Germans of preparing to slip grate-fully into neutralism; they should beware of making matters worse by crude militarism. Of course, Nato must keep its nuclear deterrence in shape, yet the problem is not a shortage of nuclear weapons. It should be obvious that the alliance is held together by political interests, not nuclear weapons; yet some-times it looks as though the hawks are gratuitously banging the nuclear drum, because they prefer to deny that the problems facing the West today are more political than mili-

tary, more European than Atlantic.

Some of the institutional formulae being discussed in Bonn, for exploit-ing the new detente, seem decidedly far-fetched. Mr Dregger seems to believe that the division of Europe could be overcome by enlarging the European Community to include East Germany Fungary Cychecke

Bast Germany, Hungary, Czechoslo-vakia and Poland, while the Western European Union would remain the

### before he did so, the Germans had to screw themselves up to deploy the new cruise and Pershing II missiles, and the four-year political struggle destroyed their left-right consensus nal conditions which would make them change their mind. They may be pressured into a face-saving for-nula in time for this year's Nato summit, but it is difficult to believe that West Garmany will in practice. GROUP of American defence experts has urged the US the US, which could be carried by Nato aircraft based in Germany, or even based outside. So why not re-IAN DAVIDSON ON EUROPE costs are different from our fears. on Nato's nuclear strategy. Comand may be more serious.

# Telecom groups in fight for HK cable TV licence

By John Elliott in Hong Kong

telecommunications and televitelecommunications and televitelevitelecommunications and televi between HK\$Sbn (£217m) and posal. HK\$Sbn. Bids The companies have been when it

attracted by the prospect that the winner might be allowed to use its underground duct net-work for the colony's possible second telecommunications

Carl Chille

cabinet

A STATE OF THE STA

second telecommunications
system when Hong Kong Telecommunications' monopoly
local telephone licence expires
in 1995.

Mr Li Ka-shing has a majority share in his group, Hutchison CahleVision, which has
been the favourite for several
months and has attracted the months and has attracted the most impressive array of big

They include British Telecom, Peking's China Interna-tional Trust and Investment, the Hong Kong and Shanghai Bank, and Swire Pacific which is one of the colony's leading

trading "hones".

It has been working on its
bid for about two years and will today announce the details and its consortium partners which, it is thought, might also include Kokusi Denshin Denwa of Japan and Cable Share of

Sir Y.K.Pao's group, led by a branch of his Wharf Holdings, includes US West, one of several "baby Bells" which have been considering bidding. Sir Run Run Shaw, the local tele-

whether there is a smaller third contender compaising a consortium of local property companies, including New World and Hang Lung Devel-

out of cable TV for three years.
In the early 1980s, Hong
Kong Telecom started to
develop plans for cable television, on the assumption it
would be able to use its existing duct network. Later, the government became interested in having a second telecomunications network in the 1990s and realised this could raise the international standard of

ity from the South Island.

cables, goes to a consortium in

ABB wins NZ power orders By William Dullforce in Geneva

ASEA BROWN Boveri(ABB), the Swedish-Swiss electrical engineering group, has won two contracts worth \$190m (£105m) for a transmission sys-tem between New Zealand's North and South Islands. The project involves a high-

voltage direct current (HVFC). system which will enable the North Island to use more effectively bydro-generated electric-

and the state of t The second of th

INTERNATIONAL vision entrepreneur, is the

Bids close next Tuesday

opment.
Hong Kong Telecommunica tions, the local subsidiary of Cable and Wireless of the UK, which runs the colony's existing domestic and international telecommunications, withdrew from the bidding last year when the government said it could not own more than a 15 per cent stake and should stay

bidders for the cable TV

Two linked 15-year licences
one for the network and one
for broadcasting — will be
issued later this year to cover
what is thought could become
the biggest cable TV operation
in the world.

ing to invest in India to raise any problems they have with an ad hoc committee of Indian and British officials.

As a sign of the changed atmosphere, Mr Vasant Saihe, Minister of Energy, is due to accompany Lord Young on a visit to the Rihand power station in central India where an all-British consortium led by Northern Engineering Industries is completing the first One of the contracts, awarded by TransPower New Zealand, goes to ABB alone. The second, for submarine

which ABB partners Norway's Upgrading the HVEC link will enhance transmission of clean hydro-power from the South island to the North

# India agrees to speed **British**

investment By David Housego in New

RECENT STRAINS in relations between India and Britain were symbolically buried yesterday with the announcement of an agreement between the two

governments on procedures to societize investment by Brit-ish companies in India.

Britain is only the third country after West Germany and Japan to be accorded what the Indian government calls the Indian government calls "fast-track status". Requests by France for similar treatment both before and during the recent visit to Delhi of President Mitterrand are still pend-

Lord Young, the British Trade and industry Secretary, sought "fast track" status for British companies at the outset of his current visit to India,

of his current visit to India, with the Indian response as being seen as a touchstone of the current state of relations.

Lord Young is the first British Trade Secretary to visit India in five years. Indian resentment over the activities of Sikh extremists in the UK and a television programme critical of Mr Regiv Gandhi, the Indian Prime Minister, resulted in a temporary arms embargo on Britain last year and the cancellation of a British ministerial visit to India. terial visit to India.

Lord Young said yesterday that Ministers had not raised the Sikh issue with him and that Indo-British relations were now "as warm as they could be". Lord Young saw Mr Gandhi and other senior members of the government.

The "fast-track" status will enable British companies seek-ing to invest in India to raise

tries is completing the first

1000MW stage.

GEC is expected to be awarded the contract for the second 1000MW, worth about 2600m, to be built with sub-stantial British aid.

# India signs up the world for its software

K. K. Sharma discusses the industry's future with exports totalling \$59m last year

IVE YOUNG programmers, barely out of their teens, crowd over a computer monitor and anxiously watch a new logo they have designed for a highly successful package known as "Sign-bank," they have written for banks. It is a signature verifi-

banks. It is a signature verifi-cation programme which also throws up photographs of cus-tomers on the screen.

They heave a sigh of relief when their supervisor gives his nod and then tells them a Japa-nese bank has been added to the long list of customers for Signbank that has fetched Tata Unisys, India's biggest soft-ware exporter, more than \$10m ware exporter, more than \$10m

in the past year. For Tata Unisys, a joint venture between one of India's largest industrial groups, Tata, and the US computer giant Unisys, Signbank is only one of the specialised packages suc-cessfully sold all over the world from its base at the Santa Cruz Electronics Export Processing Zone (Seepz) in Bombay. It has led a number of Indian

companies in selling custom- undertaken constantly to

ised packages abroad, based on locally developed skills and low costs that has made it possible for the country to find a small, but potentially large share in the fast-growing global software market.

Tata Unisys' main advantage lies in its ability cheaply to provide on-site development of software, something that is possible because of relatively low salaries paid in India to highly-qualified personnel. These are being sent abroad constantly to clients such as banks, hotels and travel agencies which are eager to benefit from computerised operations, but need modifications to software packages that are possi-ble only if programmers work with them in their own offices. Indeed, much of Tata Unisys' annual budget is apent on

training software personnel and its "plant" at Seepz is almost entirely dedicated to turning out specialists for export to on-site locations. Costs are low because of relatively small salaries in India, but fresh recruitment has to be

replace personnel bought up by customers or rival companies. Last year, for example, Tata Unisys lost 171 out of a total of 700 trained employees. Indian programmers and spe-

cialists are in demand not only because their salaries are low but they somehow have an uncanny, logical and matheme-tical mind needed for program-ming. Even more important, they do not encounter a com-munications problem because of their knowledge of English, the lack of which is a major hurdle for the Japanese or Tai-

wanese.
As a result, Indian software companies are finding customers in all the continents from companies which want on-site software development but wish to avoid adding programmers to their permanent staff and so

prefer to contract out For the same reason, West-ern companies are setting up software units in India either on their own or in collaboration with existing companies.
Citicorp now has its own establishment while Banque IndoSuez of France is working in the Tata Unisys set-np at

Seepz.

Britain's International Computers has linked up with an Indian associate while British Telecom has tied up with Mahindra and Mahindra Datamatics Consultants have been exporting software to Wang and Hinditron Computers are and Hindron Computers are
doing software jobs for Digital
Equipment Corporation of the
US. Entry to the Japanese market has been tough because of
language problems.

Much of the successful work
done abroad is with profes-

sionals call "on-site develop-ment" but which many countries consider "body shopping" and so have clamped immigra-tion restrictions on Indian technicians, a large proportion of whom do not return home.
Indian companies resent the

restrictions because this ham-pers their main activity of going to their customers to develop customised packages. Nevertheless, Indian soft-

ware companies last year notched up exports of Ra900m (\$59m), this is negligible in the multi-billion-dollar global mar-

ket, but the Government hopes that, because of India's advan-tages and the lack of capacity of software companies in the West, software exports will rise to Rs3bn in 1990.

The modest aim is that when

the world aoftware trade touches an estimated \$30hn, India's share will be at least one per cent, since software exports are a relatively new development. Even this amount will contribute significantly to tackling the country's enormous balance of payments

The Government is encouraging the industry hy permitting easy import of software tools and making available for-eign exchange if companiea guarantee exports worth about three times the amount. But the main hurdle remains the inability of most Indian compa-nies to set up adequate market ing networks abroad that would seek orders of the kind that are easily and cheaply done on site by trained specialists, who have innate skills that make them natural com-puter whizz-kids.

# **Argentina to receive** military spare parts worth \$13m from US

By Gary Mead in Buenos Aires

ARGENTINA is to receive yet the US has shown no sign military spare parts worth of agreeing to purchase the airmilitary spare parts worth \$13m from the United States. They will be used for refurbishing 200 armoured personnel carriers and 20 Bell helicop-

The agreement was signed in The agreement was signed in Buenos Aires late on Tuesday evening, by Gen Francisco Gas-sino, the Argentine army Chief of Staff, Gen Fred Woerner, in his capacity as US Chief of Southern Strategic Command, and Was Horseign Management the and Mr Horacio Juanarena, the Argentine Defence Minister. Discussions between the two

sides have accelerated in the past 12 months, with senior military and political figures travelling between both countries, Last September, Mr Juan-arena visited the US in a bid to promote the sale of Argentina's trainer aircraft, the Pampa. As

Under the terms of this week's deal, Argentina can draw on a credit (of 18 months' duration) to purchase the spare parts, described by US diplomats in Buenos Aires as not being threatening to either Britain or neighbouring coun-

The US Government position is that "in the context of a democratic society" it is willing to consider requests for further and different military equipment.

However, Argentina's interest in unblocking delivery of already paid-for Skyhawk A-4 fighter-bombers is certain to face a continued veto from

# All Nippon to purchase 20 Boeings

By Nancy Dunne in Washington

ALL NIPPON Airways (ANA), the world's eighth largest airline, yesterday announced a \$3.15bn purchase of 20 Boeing 747-400s, the largest sale ever of the Boeing model. The investment in new air-

craft, engines and spare parts will equal almost 6 per cent of the 1988 US trade deficit with Japan. The airline is also nego-tiating the purchase of 15 to 20 smaller 767-300s in a deal which could become the most incrative of that model.

Mr Shigeya Goto, executive vice-president of the airline, said the 747-400s were selected for their computer-controlled cockpit systems, which reduce the pilots' workloads and because its advanced design and system make the model particularly economical to fly. All Nippon has been buying Boeings since 1964, and its investment in Boeing has now grown to \$10bn.

# CAE wins \$48m flight simulator contract from West Germany

By Robert Gibbons in Montreal.

CAE INDUSTRIES Limited, the world leader in commercial flight simulators, has won a C\$58m (\$48m) contract from the West German Defence Ministry. The contract is for a

prototype low-level military flight simulator system. It is a world first for the Canadian

company.
The simulator will duplicate topography and flying conditions met by pilots of fighter aircraft flying low-level missions in Europe. The West German has

carbed low-level flights by its fighter squadrons severely, following two major disasters. The last disaster occurred at an air show in August 1988 at Ramstein when 70 people were

The new simulator system would reduce the number of low-level practice flights needed to be flown by the West German air force.

CAE will deliver the prototype early in 1991 and is expected to get more than C\$300m in follow-up work over the next few years. CAE has a German subsidiary and has built nine Tornado flight simulators for

Germany and Italy. Boeing's De Havilland division in Toronto will build six DASH-8-100 commuter aircraft for America West Airlines for US\$48m and for

delivery in 1991. The order brings total sales of DASH-8-100 aircraft and the larger DASH-8-300 to 295.

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# **Key S African** interest rate raised to 16%

By Anthony Robinson in Johannesburg

THE South African Reserve Bank yesterday acted to restrain credit-fuelled economic growth by raising the bank rate 1.5 percentage points to 16 per cent with effect from

The hank rate was last raised by two points to 14.5 per cent on November 3 and was followed by a similar 2 point rise in commercial bank prime lending rates to 18 per cent. The latest interest rate hike accompanied news that infla-tion, as measured by the consumer price index (CPI), rose 0.8 percentage points to 13.3 per cent in January.

Dr Gerhard de Kock, gover-nor of the Reserve Bank said the decision to tighten mone-tary policy had been taken after discussions with Mr Barend du Plessis, the Min-ister of Finance, and had been brought about by three developments.

The first was the decline in

the gold price to around \$380 per ounce from an average of \$437 per ounce in 1988. Each \$50 drop in the gold price translates into a R2.5bn (£570m) drop in the value of South Africa's 620 ton annual gold output.

This places a question mark over Pretoria's ability to repay foreign debt under the terms of the March 1987 debt rescheduling agreement with foreign

Other key factors include the recent increase in European and US real interest rates to levsls higher than those of South Africa and the continning excessive rise of money supply. This indicated that the vigour of last year'a economic npswing had been underesti-mated, he said.

The higher bank rate will be accompanied by a less accom-modative monetary stance towards the banks and discount bouses. The bank will curb its own domestic credit creation both through the dis-count window accommodation and open market operations,

Dr de Kock said. "Given the high level of economic activity and the strong demand for credit that still exists the planned reduction in the Reserve Bank's provision of cash to the banks is likely to lead to at least a temporary rise in some short term interest rates, including prime over-

draft rates."
But, be added: "It is not self evident that long term rates, including mortgage rates and yields on government atock and gilts will rise to any significant extent." Developments at the longer end of the market, he said, would depend on sup-ply and demand conditions in the capital market.

In a small technical change, the Bank announced that in future the bank rate will apply at the same rate to funds sup plied to the discount houses as well as direct to the banks. Hitherto, the discount houses received a 0.5 per cent advan-

# **Confession clears Mandela** team of doctor's killing

ROBBERY was the motive for the murder of Dr Abubaker Asvat, the Soweto doctor linked with the Mandela United affair, a Johannesburg

court heard yesterday. Dr Asvat was shot dead in his surgery the day after be went to the house of Mrs Win-nie Mandela to examine four youths abducted from a Methodist mission and beaten up hy members of the so-called Mandela United football team. One youth, Stompie Moeketsi, was

By Our Foreign Staff

SOLOMON ISLANDERS voted

yesterday in general elections

expected to be won hy an oppo-sition party that wants to oust

Queen Elizabeth as bead of

state and establish a republic.

The People's Alliance Party,

led by Solomon Mamaloni is

contesting all 38 seats at stake.

The Solomon Islands United

Party of Mr Ezekiel Alebua, the

Prime Minister, weakened by

defections, is standing in only

eight constituencles. The

United Party holds 11 seats and

controls parliament through an

informal coalition with a smaller party and indepen-

SENIOR military officers in

Sudan have issued an ultima-tum to Mr Sadiq el Mahdi, the

Prime Minister, giving him one week to make progress in resolving the five-year civil

war in the south and maks changes to his coalition gov-

The ultimatum, signed hy Gen Fahti Ahmed Ali, Sudan's

and 150 officers above the rank

of colonel, follows the resigna-

tion of Gen Adbel Magid Khalil, the widely popular

By Julian Ozanne

ernment.

But yesterday Mr Zakhele Mbatha, 21, told the court be shot the doctor during a tussle while robhing him of 135 rand. His confession appears to rule out any link between Dr Asvat's death and his visit to

Two members of the Man-dela football team have been charged with the murder of Stompie Moeketsi. The affair has led anti-apartheid leaders to disown Mrs Mandela and Mrs Mandela to disband the

Solomon Islands may oust Queen

dents. Results are not expected

known before until next week.

The Solomons are a chain of several groups of islands, with

a land area of some 11,000

miles, in Melanesia to the east of Papua New Guinea, and a

population of some 270,000. They bave heen internally

self-governing since 1978. The Queen is represented locally by Sir Baddeley Devisi,

the Governor General. But the Alliance Party has said it will

move to make the islands a republic. All legislative power is currently vested in the 38-

Defence Minister, earlier this week in protest at the Govern-ment's refusal to accept a

peace pact negotiated between the Democatic Unionist Party

and the Sudan Peoples Liberation Army late last year.

The Sudanese army has consistently maintained it is not prepared to oust Mr el Mahdi

because it does not have solu-

tions to Sudan's civil war and rapidly deteriorating economy.

patience with his prevaricating policies is rapidly wearing thin

**Army warns Sudanese Premier** 

# **Botha may** quit because of ill health

By Anthony Robinson

PRESIDENT P.W. Botha is now expected to resign as executive State President as soon as he is fit enough to hand over his powers formally in parliament. Doctors pre-scribed a six week convales-cence after he suffered "a mild stroke" on January 18.

Expectations that Mr Botha might try to return to a reduced presidential role after having given up the role of national party leader now seem much less probable after state controlled television last week showed Mr Botha's departure for his holiday home at Wilderness on the southern

Cape Coast.
The camera lingered over a shot of Mr Botha's hand which appeared to be shaking uncon-trollably as he clutched his hat. Although tanned and able to walk unaided Mr Botha looked thinner and strained.

Despite his illness, Mr Botha has tried to keep in touch by phoning Mr Chris Heunis, the acting President and Mr F.W. de Klerk, the recently elected leader of the National Party. Significantly. bowever, he was not consulted about the contents of the keynote speech read ont by Mr Heunis at the opening of parliament the beginning of this

Political sources say he is still being urged to stay at the helm by members of his pri-vate political staff led by Dr Janie Roux. The presidential staff has been greatly extended since Mr Botha became executive state presi-dent with Gaullist-style powers in 1984. Its powers are resented by Cabinet ministers and others whose access to the President is controlled by Dr Roux and his staff.

Mr de Klerk is understood to have moved quickly to assert his authority as new leader of the party and line it up behind a more flexible approach to questions such as group areas and educational and other reforms aimed at modernising South African society. But the current division of

powers is unsettling because the new party leader does not have the authority, for example, to declare a general election. Mr de Klerk is under-stood to favour and early election which would give him the chance to consolidate his

ment, which will slect a new

In 1984, at the last elections, the United Party won 13 seats,

the People's Alliance 12, Solo-

monos Ano Sagufenua four

and eight seats were won by

other parties and indepen-dents. One seat was vacant. Political analysts expect a

massive swing against the rul-ing party because of recent

poor aconomic performance. Inflation has risen from 7 per

cent in 1985 to 26 per cent at

and the prospect of a military takeover, as in 1985 and and 1969, is growing.

Last November the DUP and the SPLA signed an agreement in Addis Ababa calling for a

national constitutional confer-

of controversial plans to rein-

troduce Islamic laws, the abro-

gation of military pacts, the lifting of the state of emer-gency and a ceasefire. Mr el Mahdi refused to seek govern-

ment endorsement for the

ence to be held on the freezing

the end of last year.

prime minister on March 21.

# Bush seeks to make his mark in East Asia

Peter Riddell finds the US is taking Japan seriously as leaders gather in Tokyo

APAN has definitely arrived as a big power in the US. The television news superstars Tom Brokaw, Peter Jennines and Dan Rather are there this week for Pres-ldent George Bush's visit to Emperor Hirohito's funeral. And the US newspapers are full of analyses of the growing political influence of Japan and the implications for the US.

Two of the main tele networks, CBS and ABC, are originating their evening bulle-tins from Tokyo all week, and NBC and CNN will do so tonight and tomorrow. The 18 hours being devoted by CBS is considerably more than its cov-erage of President Bush's inau-

According to a Washington Post/ABC News poll this week, more than 40 per cent of Amer-icans consider Japan's economic strength a greater threat to US security than they do Soviet military power. guration and is almost up to the level of a sporting event. As significant as the quan-

The Administration makes no secret that one reason for the six-day trip - also taking

Long gone are the days of quaint geishas. It is now: how

do we, the US, come to terms

with a Japan which can out-

compete us and which is investing heavily in the US? Near the surface of many of

the reports is a degree of

resentment at Japanese success as well as the recognition of the need for the US to deal

with its most financially pow-

in China over the weekend, tity of coverage is its emphasis. and South Korea on Monday

— is to signal the growing
importance which the US
attaches to Asia in its foreign policy. The conservative Hari-tage Foundation has put the point more bluntly, arguing that "George Bush will have the opportunity to answer the new Soviet challenge in Asia". "He will be demonstrating

that the US is Asia's most that the US is Asia's most important partner in the Pacific and that Washington has enormously more to offer Asia than does Moscow."

Like all modern state occasions, the main focus will not be the funeral but a lengthy series of bilateral meetings, probably 15 to 20, which President Bush will be having with other heads of state and of sov-

ernments. Because Prime Minister Noboru Takeshita visited the US only three weeks ago, the US/Japanese talks will be

more of a formality.

The other bilaterals in Tokyo are unlikely to be long, only 20 minutes in many cases. And, as Mr Brent Scowcroft, the President's National Security Adviser, candidly admitted in a preliminary intering, the sub-stance will not be extensive.

tance will not be extensive.

The higgest interest is likely to be on the Middle East talks which Mr Bush will be having with the heads of state of Egypt, Israel and Jordan He will also be meeting, among the company of the state of the sta others, the presidents or prime ministers of Brazil, France, West Germany, Turkey, Nigeria, Pakistan, Singapore.

The China leg of the trip its partly being presented as a homecoming for Mr Bush after his previous experience is legation head there, as well a signsiling US interest at a time of closer relations with the Soviet Union. On his brief visit to South.

Korea the President will, according to Mr Scowcroat be stressing the "flowering of democracy" there, white democracy" there, whileresponding to the wave of
anti-American feeling by talting a sympathetic view of calls
for the relocation of the USmilitary base in Seoul.

It will, as Mr Scowcroft said,
be "a very busy trip" - one
that even Mrs Margaret.
Thatcher might find taxing It
is all next of President Bush's is all part of President Bush's

# Bush out to cement old friendships in Peking

By Peter Ellingsen in Peking

FIFTEEN years ago George Bush turned down diplomatic jobs in Paris and London in order to represent the US in Peking, a city he toured by bicycle and likened to "life on East 7th street in Odessa,

Texas in 1948."
On Saturday, Mr Bush returns to the Chinese capital as US President, travelling on four heavily-guarded wheels instead of two shaky ones, and with a brief to keep Peking now more like Houston than
 Odessa – on good terms with
 Washington. Given tha links
 he established with paramount
 Chinese leader, Deng Xiaoping. while head of the US lizison

while head of the US liaison office in 1974-75, and the steadily improving Sino-US relationship, the task should not prove too onerous.

Mr Bush, who speaks a little Chinese, is popular here, particularly with Mr Deng who broke diplomatic protocol last year to endorse his old friend during the presidential campaign and is sure to get a warm reception. Though publicly both sides are portraying lich both sides are portraying the visit as a symbolic affirma-tion of bilateral ties, Mr Bush will do more than shake hands with senior leaders during his two days in Peking.

By Colina MacDougali

THE RECENT flurry of speculation about the standing of Zhao Ziyang, China's party general secretary, has been

given further impetus by his unexplained disappearance

from the programme of a

conference held in Hong

On Tuesday, Zhao was due to make a speech by satellite

to the Pacific regional confer-ence in the British territory, but was replaced at the last

With a historic Sino-Soviet aummit just three months away, he and his Secretary of State, Mr James Baker, will want to ensure Washington does not lose out in the thaw between Moscow and Peking. Though neither publicly fear-ing nor opposing the rap-prochement between the communist giants, the US as the biggest foreign investor in oligest foreign investor in China, has crucial economic and strategic interests to protect. And, as one Western diplomat pointed out, by visiting chis month, Mr Bush will "steal Mr Gorbachev'a thunder" and pull off something of chisa is more tricky, as the US, which traditionally head to Taipet's independence from the mainland, is now inoving closer to Peking and will probably come under pressure to act as a mediator in China's plans for reunification. Accord-

a diplomatic coup.

The visit will also be a chance for discussions on regional concerns, including Kampuchea, Korea and Tatwan. The US, like China is keen to see an early resolution of the Kampuchean impasse and a lessening of tension in Korea: Both of theses will need Chinese participation.

Taiwan is more tricky, as the

recent private meeting, they

reportedly urged Deng to drop Zhao in favour of

Li or Qiao Shi, senior politbureau member in

charge of discipline.

Karlier, in December, Chan
Yun, the retired octogenarian

ing to Taiwan governmen spokesman, Ma Ying Jeou, this would be disastrous for Taiwan would be disastrous for Talwan which insists on remaining aloof from Peking's influence. One of Mr Bush's 100-strong party, though not the President himself, is likely to raise human rights in Tibet, as well as nuclear proliferation. Other issues include US concerns about China's reluctance to apply copyright to American computer technology, China's wish to extend its access to high tech US arms and equipment, and Washington's continuing concern about Chinase tinuing concern about Chinese arms sales to the Middle East.

who set up China's planning system in the 1950s, was sald to have hlamed Zhao for

China's poor grain harvest

last year and for the general economic chaos which undermined party auth-

While Deng is said to have

refused to replace Zhao, this mexpected rescheduling of the

conference may suggest that

Zhao's position has become

increasingly shaky.

ority.

By Anthony Robinson

the Mandela household.



Zhao: blamed for harvest

# Seoul warns opposition ... to back off

By Maggle Ford in Seoul

MR Park Jyun Kyu, chairman of South Korea's ruling Demo cratic Justice Party, yesterday warned opposition parties that the country was at a turning point and that a return to the politics of confrontation could take place.

A crisis could develop, he said, if the opposition continued to press for investigations into the wrongdoings of the past and the arrest of those responsible. People would not accept any more disgrace, he

The roling party yesterday boycotted hearings at the National Assembly into the 1980 killings by the military in scheduled to end in ten days

Mr Park said that the Government intended to make it clear to the opposition that democracy must proceed in South Korea by evolutionary, not revolutionary means.

The Government has recently taken strong steps to crush demonstrations by farmers, students and dissidents. It has also dramatically slowed progress in its policy of rapprochement with North Korea. An incident in the city of Kunsan in which a Korean woman was shot and wounded with an airgun fired by a US

# Fresh jolt for Japanese party

News Service.

Reports from Peking said that Wu Kingtong, a central committee spokesman, had commented "Zhao Ziyang is

atill General Secretary of the Chinese Communist Par-ty," adding: "He is not

This unexplained disappearance follows reports that Li

By lan Rodger in Tokyo

his acceptance of contributions from the Recruit publishing group.

Mr Kazuo Aichi, a rising LDP star in the Diet (parlia-ment), made his decision after the Japan Socialist Party had thrown its support behind an independent candidate for the Miyagi prefecture governorship, Mr Shuntaro Honna, making it almost certain that Mr Honma would win in the election next month.

The LDP is still reeling from

a surprising by-election defeat in Fukuoka ten days ago by a Socialist candidate and Mr Aichi said yesterday that he concluded that a defeat for him

JAPAN'S ruling Liberal in Miyagi would be worse for F1.6m (234.000) from the Democratic Party received a fresh jolt yesterday when a prominent politician withdrew dented for an LDP candidate to hormal political contributions, but there have been suggestent of carried the Isranese politic cal favour to him two years dominated the Japanese political scene since its formation in 1955. Despite its continuing

Pressure mounts on Deng to fire Zhao

vice-Premier, according to the usually well informed China News Service.

Reports from Peking said that Wu Xingtang, a central for economic reform. At a

grip on power, the party has been badly shaken hy the Recruit scandal it has shown that an ambitious entrepreneur, Mr Hiromasa Ezoe, the. who was arrested last week on charges of bribery, could advance his interests with widespread favours to politi-clans, government officials and business contacts.

Mr Aichi, who has been an outspoken critic of Japan's corrupt political financing system, admitted some time ago that he had received a total of some

cial favour to him two years ago when he became chairman of the education committee of the lower house of the Diet. Evidence has already emerged about the Recruit group offering various favours to Education Ministry officials, apparently in return for infor-mation useful to Recruit's pub-lications aimed at secondary. school and university students. The Tokyo public prosecu-tor has demanded an 18 month prison term for Mr Hiroshi

Matsubara, a former official of Recruit Cosmos who attempted to bribe an opposition politi-cian last August. Mr Matsu-bar's trial ended on Tuesday.

# Speech defect drug listed as dangerous

A DRUG used to prevent speaking difficulties among the elderly will be listed as dangerous by Japan's Ministry of Health and Welfare following reports of 11 deaths from its side effects, Renter reports

from Tokyo. The Tanabe Seiyaku Company's Hopate and similar drugs made by 29 other compa-nies are to go on the dangerous drugs list, a ministry official said. An estimated 150,000 people in Japan currently use

these drugs.

The official said excessive or improper use of the drug was suspected to have caused the death. It has been found to cause excessively low blood sugar and high blood acid levels that could lead to uncon-

Tanabe Seiyako said sales of the drug had been falling because the company had already issued strict instructions on use Sales were expec-ted to continue to fall, he

Tanabe said it would continue to sell the drug, which is not available outside Japan, as

not available outside Japan, as it is indispensable for patients such as mentally underdeveloped infants.

Manufacturers of drugs listed as dangerous must label them as such and doctors are required to ensure careful handling of them, the ministry said Hases will also have to said. Users will also have to undergo medical examinations once every two weeks.

# Algeria poll on liberal reforms

By Francis Ghilès in

ALGERIANS vote today on allow independent political associations, remove all reference to socialism, provide the right to strike and refer to "fundamental rights and freedoms" of Algerians.

These subjects, which have been taboo since independence in 1962, are now being freely debated in the press and on

Sunni Moslem fundamentalists are pressing their claims for a more religious society, hlaming Algeria's economic crisis and severe shortages on corrupt rulers. It is haram (sinful), one preacher argued on television, for Algeria to earn gold medals at international trade fairs for the quality of its wine exports. The influence of such groups is spreading, as testified by the appearance of women clad in black veils in mosques in parts of Algiers such as Bab

None the less a number of Islamic groups have endorsed the proposed reforms.

Further support has come from the ruling Front de Libération National (FLN)

party and from the Parti de L'Avant Gards de la Revolution Socialiste (PAGRS), left-wingers who before joining the FLN during the war of liberation were closely linked to the French Communist Party. Two weeks ago, a new party was formed, the first to break the FLN'a monopoly since 1962. The Rassemblement pour la Culture et la Démocratie, a

broadly social democratic party, was established in Tizi Ouzou, capital of the Berber heartland of Kabylia, after a two day mseting of Le Mouvement Culturel Berbere. Since then articles on Berber culture and the fierce repression which until recently greeted any attempt to teach what remains the original language of Algeria, have anguage of Algeria, have appeared in the weekly Algeria Actualité, a flagship of glasnost in Algeria, and in Révolution Africaine, the FLN weekly which now reflects much broader views. To publish such articles would have been unthinkable a few months unthinkable a few months

Nevertheless, the debate over the forced pace of Arabisation, which has damaged teaching standards in accondary schools and universities and over the place of Berher the matter. of Berber, the mother tongue of a fifth of the population, will not be easy.

# Critics of Hong Kong law warn of delaying democracy Liberals fear the new draft Basic Law could be used to put universal suffrage on ice indefinitely, writes John Elliott

businessmen and liberal campaigners are squaring up over the degree of democracy in the British colony after 1997 when it reverts to Chinese sovereignty.

Their differences centre on how soon universal suffrage will be introduced for the election of Hong Kong's legislative council and chief executive who will take over from the British governor.

A second draft of the Basic Law was approved by a standing committee of China's National Peoples Con-

gress in Peking on Tuesday. Five months of consultation will follow its publication on Monday. The final draft will be prepared for promulgation by the congress in a year.

Hong Kong is thus about to enter its most sensitive and important period before 1997. Unless the different factions in Hong Kong unite behind compromises, conservative husinessmen may well pusb through a delayed democracy programme with Peking's acquiescence.

The most outspoken critic of the draft is Mr Martin Lee, a prominent

lawyer and leading liberat campaigner. The draft is "terrible", he says, because its proposals could delay universal suffrage indefinitely.

Many conservative businessmen believe the draft needs improving to ensure full democracy is achieved by 2012 at the latest. But they insist that the pace of change must be acceptable to Peking if Hong Kong is to remain stable and prosperous.

Liherals and conserva-tives – along with the British and Hong Kong governments - agree that Peking has introduced his improvements in the 159-clanse draft, especially concerning areas of Hong Kong's judicial and adminis-

trative autonomy. The draft allows that, to provide continuity, the legislative council elected (mostly indirectly) under British rule in 1995 should continue

Mr Lee agrees that by making the judicial and administrative concessions, Peking has cleverly abided by its commitments in the Sino-British Joint Declaration of 1984 that the new Special Administrative Region

(SAR) of Hong Kong would continue to enjoy a "high degree" of auton-

Peking has done this but unfortunately there will be no SAR government willing to exercise that autonomy because the lack of direct elections means that China will control the legislature and the chief executive," he says. "This could contime for 50 years."

Many conservatives as well as liberals want changes in the draft's plans for delaying direct elections for the chief executive and executive council until 2012. The draft makes 2012 only a tentativa date for the introduction of universal suffrage because it is subject to a referendum - and subsequent periodic 10year reviews - which could be controlled and influenced by Peking.

Most members of Hong Kong's Legislative Council would like to dispense with a referendum which many believe would only make the uncertainty worse. But some conservative husinessmen want to hedge their bets.

The best compromise that can be

expected would be for universal suf-frage in 2007, preferably without a referendum, or, at worst, with a ref-promulgated so that the new court erendum free of Peking controls. The judicial, administrative and other points on which all parties are generally satisfied, subject to some

clarification and tightening, include a reduction in the powers for the National People's Congress to revoke laws made in Hong Kong (article 16 in the first draft, now 17). It can now only return laws for redrafting and only in areas which are Peking's direct responsibility - for example foreign affairs and defence.

Peking's powers to impose laws on Hong Kong (old article 17, now 18) have been limited to an annexed list of six uncontroversial items. The jurisdiction of Hong Kong's courts and their power to interpret the SAR's laws independently (old articles 18 and 169, now 19 and 157)

have been strengthened, although some redrafting is needed. China and the UK have already agreed that a new final court of appeal is to be set up in Hong Kong to replace the UK's Privy Council.

promulgated so that the new court operates before 1997.

A requirement in article 22 (now 23) that Hong Kong should "prohibit any law or act designed to undermine national unity or subvert the Central People's Government" now covers only "any act of treason, splitting of the state, sedition and the theft of state secrets". The draft says (article 39) that international covenants on civil,

political, economic and other rights and international labour conventions will be implemented through Hong Kong's laws. Liberals are lob-bying for the covenants to be included in the Basic Law itself. Other changes include the English language being given status as an official language (article 9). Protection against arbitrary as well as unlawful arrest and search has been included in articles 28 and 29 (for-

merly 27 and 28). The British and Hong Kong governments are unhappy with requirements (articles 106 and 107) that the

SAR "chall strive to balance its expenditure and revenues and to avoid deficits" and that it should also formalise tax laws "with reference to the low tax policy previously practised in Hong Kong".

A lot of conservative businessmen, and Peking, favour these require-ments because they would stop a future elected government courting electoral popularity by raising corporate and wealth taxes to finance

Social spending.

But the British Government has formally complained to Peking that this breaches the Sino-British joint declaration's pledge of "a high degree of autonomy". Demonstrating an unusual robustness, compared with its payal low host, respectively. with its usual low key approach to Peking, the UK has said that these phrases should be relegated to an advisory appendix.

Mr Lee and others hope Peking does not comply because they would like to see the UK being forced, as a signatory to the 1984 joint declaration, to complain that Peking was defaulting on its side of the sover-

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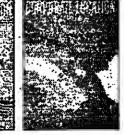
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### **AMERICAN NEWS**

### Peru sinks into a dirty war as Garcia Venezuela fails to cope with economic collapse expected to sign IMF Veronica Baruffati on stunned reactions to an assassination agreement

By Joe Mann in Caracas

THE Venezuelan government expects to sign an agreement in principle with the Interna-tional Monetary Fund in Wash-ington next week, according to Ms Iglee Iturbe de Blanco, the Minister of Finance.

The Government was seek-ing an IMF loan of \$1.5bn this year under a standby arrange-ment and also hoped to obtain 900m in 1989 from the World

Bank, the minister said.

Details of the agreement were
still being worked out.

Venezuela's new government
will also ask the IMF and
World Bank for additional loans, and is projecting credit lines totalling around \$10.5bn over the next five years from them as well as from the Inter-American Development Bank. In Caracas and other cities

yesterday, Venezuelan univer-sity students demonstrated to protest at the Government's protest at the Government's economic measures. An employee of the Central University in Caracas was killed during a clash with police.

Stephen Fidler in London adds: Venezuela, which last had a binding agreement with the IMF at the beginning of the 1960s, is understood to have been discussing three possibilities with the Fund: a conventional standby loan, a three-

tional standby loan, a three-year extended fund facility or what is called a first-tranche standby arrangement.
A first-tranche arrangement

A first-tranche arrangement was the only one for which an agreement could in theory be signed and disbursed quickly, since it does not require the detailed conditions of an IMF standby programme. Under such an arrangement, Venezuela would have access to 25 per cent of its IMF quota of around \$1.8bn which could conceivably be drawn in about six weeks.

weeks.

According to this month's International Financial Statistics, Venezuela drew down almost all of its remaining reserve position with the IMF in December, underlying the country's economic difficulties. This position stood at SDH473m (\$624m) at the end of 1967, had fallen to SDH284m by the end of November and the end of November and dropped to SDR30m by end-De-cember.

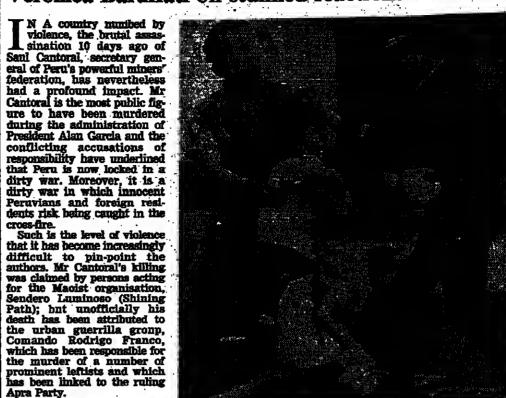
### Mexicans talk to Lawson on debt By Robert Graham

MR Pedro Aspe, the Mexican Finance Minister, received a sympathetic but non-committal response from Mr Nigel Lawson, UK Chancellor of the Exchequer, when he outlined the debt strategy of Mexico's new government in London yesterday.

The meeting was part of a

five-day European tour and fol-lows talks with the Bush Administration. The Mexican government had hoped for an early response from Washing-ton on new credit lines to cover the six-year term of President Salinas de Gortari and for plans to halve the burden of servicing Mexico's \$107bn

foreign debt.
The Mexicans were disappointed at slow progress in Washington and are seeking to impress the urgency of Mexico's needs on European finance ministers and central bankers. Although capital has flowed back in during Decem-ber and January to the tune of \$1.5bn, the trade balance has deteriorated and the social contract between government, labour and the employers is due to expire in July.



A mother clings to her child as police move in on demonstrators

in parts of the Andean high-lands that mayors have either been killed, fled or are the ter-

rorists frontmen.
Earlier this month, the MRTA launched an unsuccessful mortar attack on the presidential palace in Lima, and now the surrounding railings have been reinforced with imge metal sheets. Only three years ago, President Garcia-used to address the crowds from his balcony, thumping his chest to boast the absence of a

bullet-proof vest.

While . Sendero and the MRTA are known quantities with identifiable leaderships, the Comando Rodrigo Franco is a more shadowy grouping. It made its first appearance in

July 1968 with the brutal assas-sination of a lawyer who had successfully defended a cap-tured Sendero Luminoso tured Sendero Luminoso leader. Its name comes from a prominent Apra official who was murdered by Sendero Luminoso and is widely believed to be linked both to the fringes of this party and to elements in military intelligence. Their main targets have been trade union activists and journalists critical of the ruling APRA administration

The climate of violence has been watered by the behav-iour of the security forces and police themselves, which has undermined much of President Carrie's pleder on talling affect Garcia's pledge on taking effice in 1985 to clean up human

rights abuses. It has become commonplace for police to use force to break up strikes, and the press are being altenated by unnecessarily rough treat-ment on these occasions.

In response to pressures from the international commanity, Peru has tightened its security measures. Meanwhile, several embassies are discour-

security measures. Meanwing, several embassies are discomaging travellers from exploring the interior. The West German Government has placed Paru on the same list as Sri Lanka and the Lebanon as places not to encourage tourism.

There is also the fear that the violence may jeopardise coming municipal elections.

Against this background and a continued failure to come up with coherent economic policies to alleviate inflation and shortages, President Garcia faces an ever more impossible task of regaining respect and restoring authority. The Government cannot even muster a double-figure rating in the popularity polis.

Mr Garcia describes himself as the "solitary gladiator" of Latin America in his fight against the international financial community, but to many Peruvians he more closely recembles. Pon Ouixote. The

Peruvians he more closely resembles Don Quixote. The paradox of Peru today is that, now the country needs interna-tional financial support more than ever, it is least likely to

receive it. The armed forces are continuously disgruntled because they have neither the financial resources nor the equipment to wage a successful war against enhancian and terrorism. Genwage a successful war against subversion and terrorism. General Enrique Lopez Albujar, the British-trained Minister of Defence, tacitly acknowledged the desperate situation by assuring Lima's 6m-plus inhabitants that, if Sendero succeeded in its avowed aim of blockading Lima from its hinterland, then an air link could be made with the interior to be made with the interior to guarantee food supplies.

# FMLN talks boost peace hopes

By Richard Johns in Mexico City

Apra Party.

Sendero and another extreme leftist terrorist organi-

sation, the Revolutionary Tupac Amaru Movement (MRTA) are, however, seen as the main culprits in 1,319 mur-

ders last year. In 1988, there were 3,135 terrorist attacks, a

21 per cent increase on 1987. The targets of political vio-lence are manifold – from the security forces to municipal

authorities, development pro-jects, agricultural co-opera-tives, and electricity pylons. A new feature of Sendaro

Luminoso activity is the "armed strike", which has suc-cessfully paralysed the towns of Ayacucho, Junin and Huan-

uco for up to five days, demon-strating their ability to control:

the population for short periods. Sendero has also so terrorised small towns and villages

TWO days of talks between El Salvador's political parties and leaders of the left-wing guerrilla organisation, Faribundo Marti National Liberation Front (FMLN), have revived prospects of settling the country's 10-year-old civil war.

The war has proved the most intractable of conflicts to resolve in Central America and resolve in Central America and has cost an estimated 70,000

In response to far-reaching and detailed proposals made by the guerrilla movement in talks near Mexico City, politi-cians representing 13 factions and including some with gov-ernment links, agreed to rec-ommend a meeting between the Salvadorean government

By Tim Coone in Managua

PRESIDENT Daniel Ortega of Nicaragua is to pardon 1,700 prisoners jailed for crimes com-

mitted under the previous gov-ernment of President Anasta-

The prisoners are all former

members of the National Guard who were captured in July 1979 at the fall of the Somoza regime and imprisoned for human rights abuses. Many

others escaped and some later formed the nucleus of the US-

sio Somoza.

and the FMLN. The proposals, simed at end-ing the war and involving the ing the war and involving the
FMLN in the democratic process, will now be considered
"in their entirety", according
to Mr Julio Rey Prendes, leader
of the Authentic Christian
Movement, who spoke on
behalf of the groups:
No consensus among the representatives was reached on
the key and most contentions

the key and most contentious FMLN proposal, made on Janu-ary 23, for the postponement of presidential elections from March 19 until mid-September. The FMLN is now proposing an election be held five months after a ceasefire under interna-

tional supervision.

Somoza guardsmen to be pardoned

in Managua on Tuesday, Preci-dent Ortega said "it will be a bitter pill to swallow for some"

but added that the move was

necessary in the interests of

securing "a real and lasting

The pardon, which requires approval by the Sandinista-controlled National Assembly, follows last week's Central

American presidential summit

at which President Ortega

full approval of the left sing Convergencia Democratica alli-ance, the FMLN's political ally, and the Roman Catholic Church, which plays an impor-

tant part:

Mr Prendes and other leaders stressed that any decision on the postponement or other issues would require direct negotiations between the Government of President José Napoleon Duarte and the rebals But the treatment proke many tracks and the rebals But the treatment proke many tracks are the process. els. But the meeting broke up in a mood of optimism. Even senior chiefs of the

hardline, right-wing National Republic Alliance who are con-fident Mr Alfredo Christiani, their candidate, can win the election, did not reject the The proposal has won the postponement out of hand.

gradually released as and when the Contra forces are demobilised\*

The five Central American

presidents agreed to set up a

mechanism to disarm and repa-triate the estimated 10,000 Con-tras in neighbouring Honduras. They have remained in their base camps there since US mil-itary aid was cut off by Con-

The National Assembly is

gress last year.

### **Bidding starts** for Brazilian railway project By John Barham in

São Paulo

BRAZILIAN companies began bidding yesterday for a 90-year government concession to build and operate a 1,000-mile railway across central Brazil.
The \$1.9bn project should be ready: within six years.
A group of private investors will build the line linking the consumer markets of south.

consumer markets of south-eastern Brazil with the fast-Goias, Mato Grosso and the southern fringes of Amazonia. Two-thirds of the funds will come from tax concessions.

Mr Fabio de Paula Costa, director of the Itamaraty group, one of the bidding com-panies, said: "The regions the line will serve already produce 10m tonnes of grain a year. By the year 2010, they will produce 50m-60m tonnes."

Construction must follow guidelines established by environmental reports drawn np by the five states concerned. But environmentalists and some federal officials criticise the reports drawn up by poorer states: they say analysis is cursory and that economic development is given higher priority than environmental issues.

The planned east-west railway will be one of several lines crossing the sonthern Amazon region. The Govern-

### formed the nucleus of the US-backed Contra army fighting the Sandinista government. Announcing the pardon at a rally of government supporters promised far-reaching reforms to bring about a political rec-onciliation in Nicaragua. He said on Tuesday that 2,000 Con-tras also being held will be expected to approve the pardon on February 26 and the release of the ex-Guardia can be expecment is building a railway connecting Braxilia with the Amazon state of Pará. ted shortly afterterwards.

Manley prepares to spread Seaga's success

Jamaicans voted to be given a bigger part of the better times, writes Canute James

HEN Mr Michasl is more considered than a simple combination of the best of his previous administration in the 1970s and of Mr Seaga's in the 1980s.

The Prime Minister is soon to be the simple combination of the best of his previous administration in the 1970s and of Mr Seaga's in the 1980s. years of tension between his Government and the private sector, by open hostility towards the US, and with empty national coffers lacking foreign exchange to finance essential imports.

Now however, Mr Manley, sworn in for another term following the island's general election this month, is surveying an economic landscape much less rugged than the one much less rugged than the one beleft. Mr Manley's social-dem-ocrat People's National Party won a landslide victory over the conservative Jamaica Labour Party, led by Mr Edward Seaga. But the vote was less a rejection of Mr Seaga's achievements - the economy has grown for the past three years after a decade of stagnation - than a statement by poor Jamaicans that they were not seeing the benefits of better times.

This could, in part, explain Mr Manley's emphasis on continuity. Few dramatic changes in economic policy are expec-ted. Mr Manley argues that his agenda for the next five years

ple combination of the best of his previous administration in from the devastation of Hurri-

to fly to Washington to meet President George Bush and senior officials of the State and Commerce departments. This is intended to ensure no change in the close relations which Mr Seaga cultivated between Jamaica and the US, the island's chief trading partner and the source of several million dollars of aid and of two out of three tourists.

However, Mr Manley intends, "in due course", to re-establish diplomatic relations with Cuba, Jamaica's closest neighbour, cut by Mr Seaga in 1981. "Our new ties with Cuba will not create a problem for our relations with the US," Mr Manley argues. Local business leaders and

Washington are clearly convinced that Mr Manley, this time around, will not indulge in what they regarded as the excesses of his previous administration when the rhetoric from the hard left faction of the party, strident and anti-American, was accepted as government policy. In the eight years since the moderate fac-

from the devastation of Hurri-cane Gilbert last September, has made an emergency draw-down from the International Monetary Fund, the IMF has announced, writes Stephen

The drawing of SDR36.4m (\$48m) is seen as the first indi-cation that the new government intends to co-operate with the IMF. While there are no economic conditions for drawing such emergency funds, Jamaica is required to express willingness to collaborate with the IMP.

tion has been in the ascendancy in the PNP, the left has been exorcised, and Mr Manley says the errors of the past will not be repeated. "Of course I have changed."

he agrees. "It is an evolutionary process. We are all not the same person we were 20 years ago. And whenever I stop learning and evolving, I will be dead."

The first challenges for the Prime Minister will be on the domestic front. The economy, based on bauxite mining and refining, tourism, agriculture and light manufacturing, was

lethargic until 1986 when it expanded by 2.5 per cent, followed by 5 per cent in 1987. It was growing by the same rate again last year when hurricane Gilbert struck in September. Despite this, says Mr. Headley Brown, governor of the central bank, growth of 3 per cent is forecast for the fiscal year ending in March

The economy, however, has been and remains fragile – a condition which is being exposed as the effects of the hurricane are still being felt. To repair the damage to infra-structure and ensure adequate supplies of food, the island's import bill for the fiscal year will be \$566m - 51 per cent more than budgeted. This will push the cost of imports to \$1.9bn and, with a fall in exports, will leave a merchan-dise trade deficit of \$1.1bm, and a current account deficit of \$258m, which is \$150m more

than projected.

With Gilbert's ghost at his shoulder, Mr Manlsy has warned of hard times ahead: "There are clear signs that fol-lowing hurricane Gilbert and the fiscal extravagance of the election, there may be trouble on our economic horizon," he said. "If this proves correct ... if corrective, strong

and even tough action needs to be taken, we will take it now and ensure that it is adequate." ... The deterioration in the balance of payments account will put pressure on the Jamaican dollar, and Mr Manley could be forced into devaluation – a measure which has always been politically unpopular in Jamaica. The currency was devalued by 69 per cent between 1983 and 1986 during

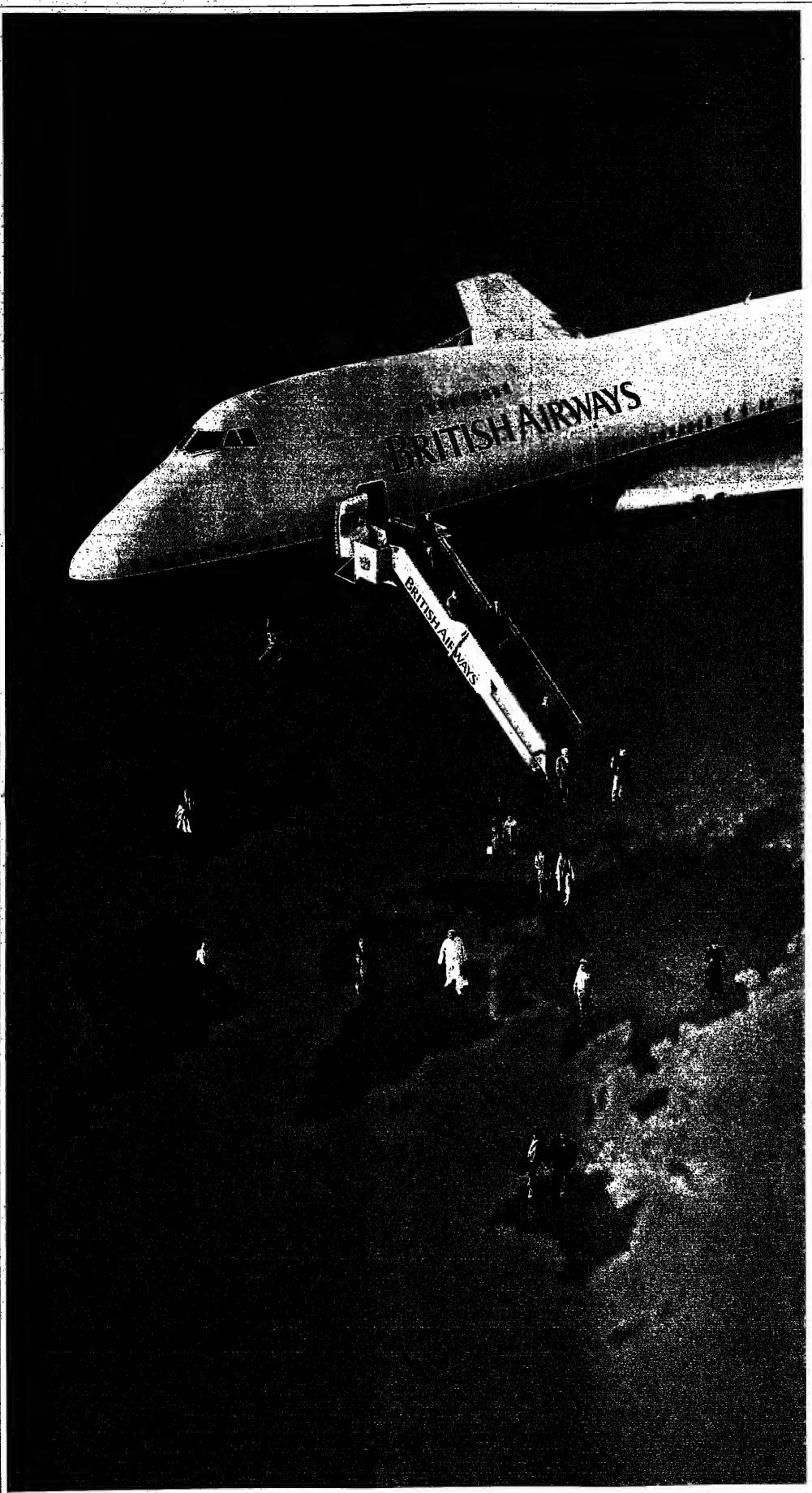
Mr Seaga's administration.
These problems apart, Mr Manley's task in managing the economy will be made easier by continued expansion of the major sectors. Tourism slipped marginally last year after the marginally last year after the hurricane forced several hotels to close temporarily, but yielded gross earnings of about US\$550m, about the same as the previous year. Strong demand and better prices for aluminium has lifted mining and refining of bauxite, of which Jamaica is the world's third-largest producer. Manufactured exports, led by garments which are shipped to the US, are growing rapidly. These will make up for reductions in agricultural exports — mainly sugar and bananas - from a combination of reduced quotas, low prices, inefficient produc-

tion and natural causes.

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### **UK NEWS**

# Cost of meeting EC water rules by 1995 '£3bn'

By Our Political Editor

CONSUMERS would have to meet a bill of nearly £3bn if the privatised water industry was to comply by 1995 with European Community standards, the Government warned yes-

Mr Nicholas Ridley, Environment Secretary, said in the House of Commons that the £2bn forecast mentioned by one opposition Labour MP was an underestimate. He added that the cost of the investment "would have to be borne by consumers" as it had nothing to do with the Government's

planned sale of the industry.

The Department of Environment said later that it estimated that meeting the EC drinking water rules would cost £1.2bn, raising standards at beaches would cost another £600m and improving sewage treatment would involve apending of £1bn. This will be in addition to

the investment – estimated by some independent studies at £1.5bn - required if the priva-tised companies switch to water metering for domestic

Mr Ridley said earlier this reek that the companies would be allowed to pass on to consumers the cost of meter-

His comments yesterday real terms.

A STRONG surge in support

for the SDP has led to a further

aignificant narrowing in the Conservative Party lead in the

Richmond by-election, accord-

ing to an opinion poll pub-lished on the eve of today's

shire Television by Gallup, suggests that Mr William Hague, the Conservative candi-

date, may see his majority cut to less than 5,000 votes from the massive 19,500 achieved by Sir Leon Brittan at the 1987

It also indicates that had the

two centre parties - the Social and Liberal Democrats led by

general election.

The poll, compiled for York-

By Philip Stephens, Political Editor

came as other senior ministers confirmed that there was growing concern in the Government about its failure to get its case for privatisation of the indus-try across to the public.

Opinion polls have shown consistently that the water sale

is unpopular and in recent weeks it has been dogged by controversy over the implications for prices and for compli-

ance with EC standards.

An EC report earlier this week showed that about a third of Britain's beaches had failed to meet new EC environmental standards although it did show an improvement since 1985.

Mr Michael Howard, the minister responsible for the water sale, responded that the privatisation bill included responsibilities for the new companies "in advance of anthing anywhere else in the world."

He added that the improve-ments could be paid for "in a sensible way over a sensible The Government has declined to forecast likely price rises for water over the next decade, beyond saying that the cost of compliance with the EC would add between 7.5 per cent

and 12.5 per cent to prices in

Mr Paddy Ashdown and Dr David Owen's SDP - fought

the seat jointly they would have comfortably unseated Mr

Dr Owen said that the result

would confirm his party as an established force in national

politics and intensify the pres-

sure on Mr Ashdown to agree to electoral pacts between the two parties. The SLD leader,

however, accused Dr Owen of becoming "overexcited" and gave no indication of any shift

from his position of refusing any such deals. He added that

the SLD's own canvass returns showed it in second place.

The poll, taken at the week-

Hague.

the London Stock Exchange yesterday by hinting that it would oppose moves to under-mine the exchange as a single centralised market for company securities. The thrust of its comments were that it wants to see rapid

implementation of all-electronic share registration, along the lines of the exchange's proposed Taurus system, as a way of bringing down what it calls the City of London's excessive back-office costs. Mr Pen Kent, the Bank's

associate director responsible

THE BANK of England intervened in the intensitying debate about the future role of for finance and industry, said it could be "efficient and justi-fiable" for such a system to be supplied by a single monopoly provider.

In a speech to the annual conference of the National Association of Pension Funds, Mr Kent said London financial markets would suffer if there were "a series of Pyrrhic victo-ries for special interests which make London too complicated, confusing and expensive a place to do business."

His remarks come at a sensitive time for the London mar-

Proposed schemes for moving to an all-electronic share registration system dispensing with share certificates are being debated by a high-powered committee representing the securities industry, institutional investors, share regis-

Bank insists on need for centralised Stock Exchange

The committee was convened after profound disagree-ments emerged between the various parties about whether or not the exchange should proceed with developing Taurus as a single, centralised sys-

trars, banks and quoted compa-

tem. Another option would be to give registrate a continuing role in running a decentralised

CBI backs

process to

By Hazel Duffy

clarify bids

THE governing council of the Confederation of British Indus-

try (CBI) — the employers' organisation — yesterday endorsed recommendations

from its Companies committee to make the takeover process

to make the takeover process more transparent.

The council, however, was not prepared to back fully the proposal put by Mr John Banham, CBI director-general, that all hostile takeover bids by companies which themselves are bid-proof should be referred automatically to the Monopolies and Monopolies and Monopolies.

Monopolies and Mergers Com-

mission, the Government's monopoly watchdog. This proposal, and others,

will be examined in more detail by the influential Presi-

dent's committee, which repre-

sents a cross-section of CBI

system of electronic share reg-

Mr Kent said London's arrangements for settlement of equity trading transactions "no longer match up to requirements and risk putting us at a competitive disadvantage internationally."

There was no agreement, however, about a new system, he said, because of conflicts between various interest groups which had a stake in

"It may be possible to get a satisfactory outcome only if those with a self-interest stand back sufficiently to focus on the larger goal," Mr Kent said.

### Dublin air On the crucial issue of how a new system should be owned and operated Mr Kent said that route gets new carrier

By Michael Donne, Aerospace Correspondent

FARES ON the Heathrow to Dublin air route, one of the busiest in Western Europe, will be cut sharply from April 28 when British Midland Airways, part of the Airlines of Britain Holdings Group, starts a new scheduled service in competition with British Airways and tion with British Airways and

Aer Lingus.
Mr Colin Roberts, sales and Mr Colin Roberts, sales and marketing director of British Midland, said yesterday that the business class return fare on the route would be cut from the present £194 to £117.

Passengers would have a choice of six British Midland flights each way dally. Mr Rob-

flights each way daily. Mr Roberts said British Midland's ambition was to repeat the profitable growth it had achieved on routes from Heathrow to Glasgow and Edinburgh by improving the quality of service at substantially lower fares on the Dublin route.

**ILG** expansion

INTERNATIONAL Leisure Group, the privately owned air-line and package tour operator, yesterday announced plans to expend its coach holiday operations throughout Europe, David Churchill writes.

The company plans to operate some 70 coaches to European destinations in 1989 under the Coach Europe banner.

M25 overloading SECTIONS of the M25, London's orbital motorway, carry almost double the traffic vol-ume it was designed for, according to the UK motoring organisation, the Automobile Association, Rachel Johnson writes. Parts of the motorway designed for flows of 80,000 vehicles carry 150,000, accord-

Correction Michael Page

ing to an AA report.

Addison Consultancy Group last year demerged its Michael Page consultancy business, not Michael Peters, as was reported in the FT's survey of the international design industry yesterday.

# Technophone to expand with Hong Kong plant

By Terry Dodsworth, Industrial Editor

TECHNOPHONE, the UK's cent of total sales. only indigenous mobile telephone maker, plans a large expansion later this year with the start of production at a

new Hong Kong plant.
The factory, a joint venture with a local company called Video-Technology, will allow Technophone to diversity into the mass market for fixed car telephones. The company now

makes only portable phones.

Mr Nils Martensson, managing director, says that the decision to invest in the factory is aimed at helping the group expand in the US where portables account for only 10 per

end, suggests that Mr Mike Potter, the SDP, candidate, has overtaken Mrs Barbara Peace

of the SLD as the main challenger to Mr Hague, but that the split in the opposition will

ensure a narrow Conservative

It puts Mr Hague's share of the vote at 41 per cent (down from Sir Leon's 61 per cent in

1987), the SDP at 25 per cent and the SLD at 21 per cent.

Gallup's research also

appears to confirm the conclu-

sions of another poll in the constituency earlier this week

that the Government's plans to

overhaul the National Health

Labour trails at 11 per cent.

Mr Martensson says that he eventually wants Technophone to join the top five world manufacturers. Market leaders include Nokia, the Finnish electronics group, Motorola of the US, NEC and Toshiba of Japan, and Novatel, the Cana-dian group.

Technophone, based at in Surrey, was launched three-and-a-half years ago with £3.5m of equity. Today it employs about 400 workers, and generated turnover last year of £400m. The group has a manufacturing investment in Aus-

SDP surge cuts Tory lead on eve of vote

Meanwhile, Dr Kim Howells, the Labour candidate, remains

firm favourite to secure a com-

fortable victory in today's Pon-typridd by election in Wales.

Opinion polls this week have

suggested that he may increase Labour's share of the vote

although a lower turnout

might cut the 17,200 majority

recorded by Labour at the last

general election.

have created considerable unease among voters. The other main issue raised as a members.

The results will be put to the meeting of the next council in a month's time. Mr Banham's moves were matter of concern was the economy, particularly rising inflation and higher mortgage

made after the President's committee had given him a clear indication there was pres-sure among members for such measures.

The inconclusive outcome of yesterday's meeting reflected the division of opinion among members on whether the CBI should lobby for tougher measures to reduce the vulnerability of British companies to hostile takeover bids from companies ontside the European Community.

# All-party support on sell-offs in Belfast

By Charles Hodgson

THE Government's plan to privatise Belfast-based Harland and Wolff shapyard and Short Brothers aerospace company, two of Northern Ireland's largest employers, will today receive the unanimous backing of an all-party Commons com-

MPs on the House of Commons Select Committee on Trade and Industry will, however, call on the Government to meet a number of conditions prior to the sell-off and maintain some responsibility for the future viability of the compa-

In its report published today on the proposed privatisations, the committee will stress the need for the Government to ensure both companies remain key players in the Northern Ireland economy.

The committee will suggest

the Government retains an "ongoing responsibility" for the companies, possibly through a "golden share" or similar arrangement.
The report's unanimous con-

clusion will be an unexpected boost for the Government in its frequently-criticised moves to privatise the two companies. While members of the Labour Party are opposed in principle to the privatisations, they recognise that the process

has progressed too far to be reversed. They have therefore led demands that the Govern-

ment should remain involved

in the companies' future after

On Harland and Wolff, the committee is expected to urge the Government to reach speedy solution and to lift its current moratorium on the shippard's tendering for new orders. Committee members feel that present uncertainty over the yard's future is badly affecting employee morale and leading to layoffs that may affect its future viability.

"an obvious candidate" was

"That does not necessarily mean that it should own, direct and administer the system

although I suggest the reasons

for a change would have to very compelling."

Mr Kent said he did not have

a definite answer to the question of whether there should be competing settlement systems, but, significantly, he said that there can be circumstances

were a monopoly is efficient and justifiable."

the exchange.

The committee is also expec-ted to suggest interim Government support for the privatised ment support for the privatised company so it is not put at a disadvantage in competing for future orders against subsidised rivals. But it is believed to have accepted the Government's argument that the taxpayer should not be expected to bear any future losses incurred by the yard.

The report will stress the importance of Shorts being kept as a single entity, based in Northern Ireland, rejecting separate sell-offs of its various divisions. It will also back the principle of collaboration with other aerospace companies in civil aircraft design. It will mge the Government to consider launch aid for

Shorts' new FJX commuter jet. The company is presently seek-ing partners for the £500m project, which is still in the design stage. The committee will also back a major recapitalisation programme to finance modernisation, which some reports have put at up to 2600m.

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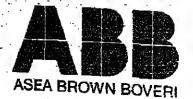
And tough, monotonous jobs can be carried out with consistency and high precision by our advanced industrial robots. We work in close collaboration with our customers, supplying

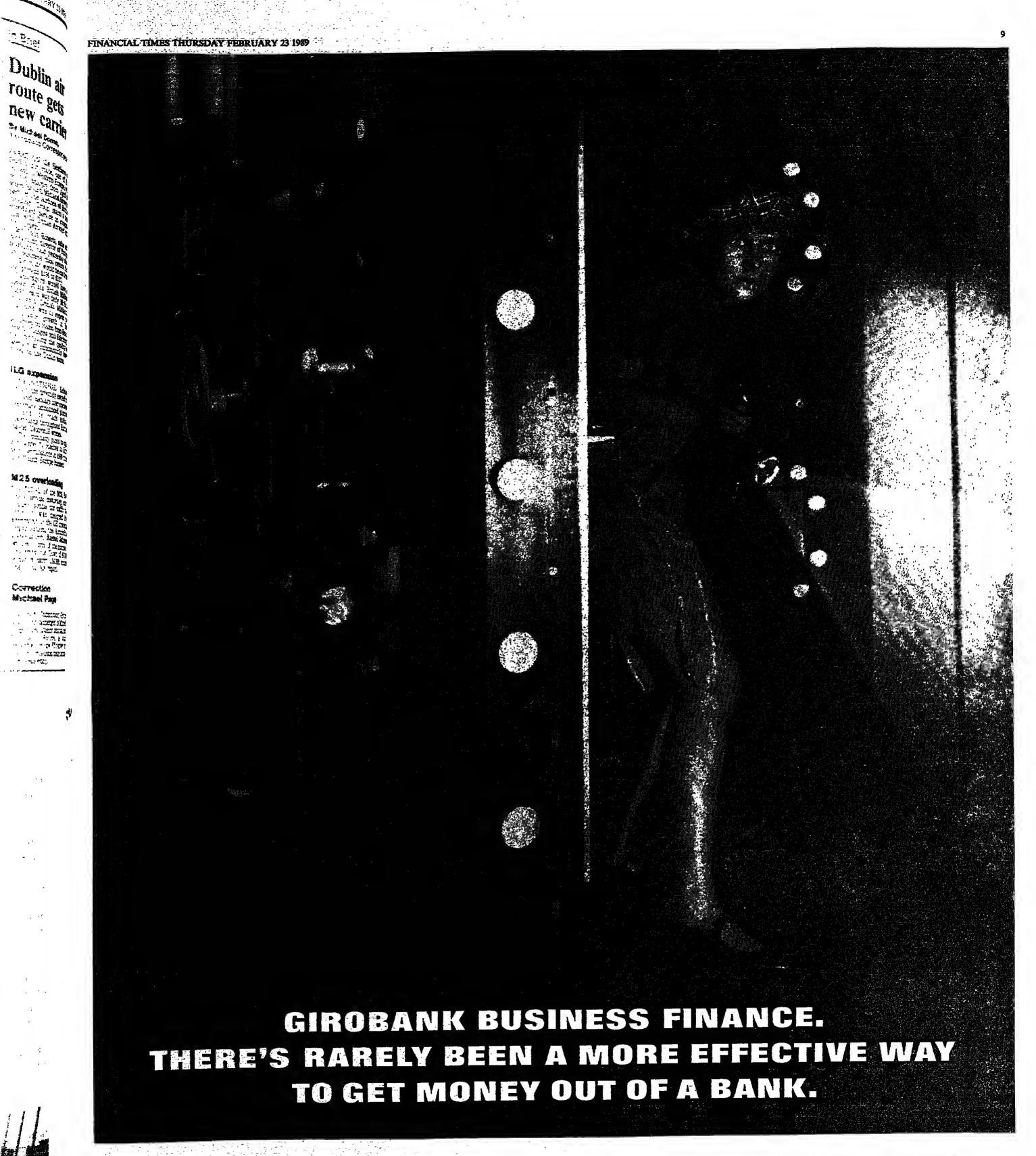
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UK growth

exceed rest

of Europe?

By Peter Norman,

'likely to

BSB secures £250m deal with electronics company

# Philips agrees to produce 1m satellite TV decoders

By Raymond Snoddy

PHILIPS, Europe's largest consumer electronics company, yesterday committed itself to making 1m television decoders for British Satellite Broadcasting (BSB) - a commitment worth up to £250m at retail

The main reason for the Philips backing for BSB, the consortium planning to launch three satellite television chan-nels in the UK in September, is that both organisations are committed to the new MAC television standard, which combines digital stereo sound and television pictures with 50 per cent more detail. Mr Peter Groeoenboom,

managing director of consumer electronics at Philips Interna-tional, said Philips and BSB were pursuing parallel goals of using MAC to move to wider screen television sets and then to full high-definition television by the early 1990s.

The Philips executive described MAC as "the engine

of the future. The existing PAL television standard used by BSB's satellite rival Sky Television, owned by Mr Rnpert Murdoch, which was launched on four channels earlier this month, was a system that had "now reached the end of the line, Mr Groenenboom added.

Philips would not rule out making PAL satellite receivers for the UK market but had no mediate plans to do so. Mr Rob Van Oostenbrugge, marketing manager for Philips satellite systems, said yesterday: "We have a small temporary problem with Murdoch."

The Dutch multi-national became the fourth company to make set-top decoders - the black boxes that convert the satellite signal for television use — on an "exclusive" basis

Last year BSB said it would appoint up to five manufactur-ers and at the time selected Ferguson, now part of Thom-son of France, Salora of Fin-land and Tatung UK, the Taiwanese owned manufacturer. Philips said yesterday it would produce at least 50,000 decoders by the end of this year and would gear up production to supply 50,000 a month throughout 1990. In all, Philips would supply more than 1m at a retail price

of about £250. BSB, whose shareholders include the Bond Corporation

of Australia, Granada, and Pearson, publishers of the Financial Times, said the three major European television manufacturers were now committed to volume production of its equipment, including the so-called "squarial" – a square receiving dish. Mr Groenenboom said Phil-ips had hesitated in making a

commitment to BSB because the electronics company had been trying to get a single standard for satellite television in Europe.
"It is now clear that this will

not happen — at least not this year — and we must safe-guard our own commercial position," Mr Groenenboom said.

# Beechams switches from CFCs

By Christopher Parkes, Consumer Industries Editor

BEECHAM, the drngs, toiletries and food group, has stopped UK production of aero-sols containing chlorofluoro-carbons (CFCs), the propellant gases believed to be partly responsible for destroying the atmosphere's ozone layer.

It has spent film, mainly at its factory in Maidenhead, Berkshire, to convert its aerosol filling lines to use butane gas, the most common alterna-tive to CFCs.

Elida Gibbs, the Unilever subsidiary, started converting its entire range last year. shortly after the dangers to the ozone layer and the environment became a public Issue.

Multiple retailers, led by the supermarket chains, have also asked manufacturers of their own-label products to stop using CFCs, and it is believed about half the aerosols now made in the UK can be considered environment-friendly.

Mr David King, chairman of Beecham Products in the UK, said: "We have been reducing the use of CFC propellants since 1980. We have now completely removed them from our products well ahead of the target date set by the 1987 international conference in Montreal, which called for a 50 per cent CFC reduction by 1999."

Beecham, which claims a 12 per cent share of the UK market for acrosol toiletries, fills about 50m canisters a year in Britain, of which 10 per cent

are exported.

Products include hair sprays, anti-perspirants and shaving foam. The US banned CFC propellants about 10 years ago, and manufacturers' output suffered because suitable alternatives were not generally available. However, improvements In hydrocarbon gas technology have helped recovery.

Manufacturers are also studying the possibility of rein-troducing alternatives, such as compressed carbon dioxide, nitrogen and air, which were commonly used in early aerosols. They are cheapest of all, but canisters filled with these gases tend to lose pressure as the aerosol empties.

Simple pump sprays, where Simple pump sprays, where spray pressure is generated by finger action, are also being considered. About 40 per cent of hairspray sold in the US is sold in these packs. While the proportion in Europe is only about 10 per cent, it is climbing as CFCs are phased out.

Britain's first international conference on expense layer. conference on ozone layer depletion takes place in London between March 5 and 7.

# Scots accountancy body seeks English merger

By James Buxton, Scottish Correspondent

THE Institute of Chartered tute while 500 have registered Accountants of Scotland yesterday launched a campaign to persuade its members to accept the controversial proposal for a merger with the Institute of Chartered Accountants in England and Wales.

The Scottish institute argues that a merger is the best way of safeguarding the influence and standing of Scottish

But the merger, which must win a two-thirds majority at a vote on June 6, faces considerable opposition among many Scottish accountants.

A survey commissioned by opponents to the merger of a sample of members of the Scottish institute showed that 43 per cent had decided to vote against merger, compared with 24 per cent intending to vote yes. Members of both institutes are being sent details of the proposed new body, the Insti-tute of Chartered Accountants

of Great Britain. Yesterday Mr. Frank Kidd, president of the Scottish institute, said that the merger had become necessary since the 1986 Financial Services Act, under which firms of accountants had to be authorised by tutes. This has led to the anomalous situation where large firms operating in Scot-land are authorised by the institute for England and

Some 7,000 firms have regis-tered with the English insti-

with the Scottish body.

Mr Kidd said that the Scottish institute would lose influence and prestige if it remained an independent body. It would then attract fewer students which would reduce its revenue. A vicious circle of increased costs and reduced services would set in.

Scotland would have 15 of the 65 seats in the council of the proposed new body. Edin-burgh would be the headquarters for several of its key functions, including control of education and training. There would be a merged education system for the two bodies. A new Scottish college would be established which would pro-vide services to British institute members in Scotland.

But many Scottish accountants fear that the distinctiveness of Scottish accountancy will be eroded. The Scottish institute has 12,000 members, of whom half are in Scotland and the rest in other parts of

the UK or overseas.
The Institute of Chartered Accountants in England and Wales has 87,000 members.

A group of nine dissident

Scottish accountants argue that the merger is unnecesof regulation and authorisation could be solved by closer co-operation between the two bodies north and south of the border. A diversity of views among accountants' organisations is better than a monolithic approach.

# British managers 'more optimistic on economy' By Peter Norman, Economics Correspondent

BRITISH managers are taking a significantly more optimistic view of economic prospects this year, according to the lat-est monthly Business-MORI

opinion poll.

The poll of 500 senior managers in leading companies found 41 per cent of those interviewed expect the general economic condition of Britain will improve over the next 12 months compared with only 26 per cent a month ago. The por-tion of respondents expecting conditions to worsen fell to 22

per cent from 35 per cent. The poll was carried out between January 18 and February 8 and drew on a pool of 40,000 managers below main board director level in Britain's

750 biggest companies.
Business-MORI said the change in mood between the two surveys mirrored January's 257-point rise in the FT-SE 100 share index. The increased optimism reflected a "corporate sigh of relief" as managers reasoned that higher interest rates were starting to take effect and that with luck further interest rate increases

would be unnecessary.

The poll found the jump in confidence was evenly spread throughout Britain. Personnel managers appeared more opti-mistic than others while bigger companies were more bullish than smaller companies.

In companies with annual sales of more than £1bn, 57 per cent of managers throughout the economy would improve against only 37 per cent in companies turning over less than £250m.

The poll is published in the March issue of Business maga-

# Asians curry favour in Bradford Richard Donkin on the economy driving Islam in West Yorkshire

the Kashmir restaurant in Morley Street in Morley Street, Bradford, are new but the cur-ries have not changed much. They are still served without **Economics Correspondent** cutlery or napkins and clients BRITISH economic growth is are expected to use their cha-

businessmen who take along

their clients. The food is so

good that some customers will

order a dozen or more curries to take back for their deep

Mr Bary Malik, recognising this demand for bulk takea-ways decided to go into the fro-zen curry business. Before set-

ting up Himalayan Frozen

Foods two years ago he had been selling Asian savouries to

shops in Bradford. Now, with

able to invest in a large blast

staff and has plans to sell to

Moslem Messiah came to earth in the last century — is also a Justice of the Peace, presiding

over minor criminal cases and

committals. His sect is pacifist

HE Formica tables at

pattis as scoops.

The Rashmir is one of about likely to exceed that in the rest of Europe for most of the next 10 years while UK living stan-dards could overtake those of 73 Asian restaurants in Bradford, West Yorkshire, West Germany by the end of which were established to the century, according to the chief economic adviser of the Confederation of British Indus-try (CBI), the employers' cater for Asian men who emigrated to work in the cotton mills after the second world war. Later they were discovered by university students Presenting the first CBI pres-ident's annual lecture, Mr and today they have become the fashionable haunts of Bradford's pinstriped busin Donglas McWilliams said men whose presence tends to undermine the notion that the Britain's comparative strength

in the services sector should become an increasing advan-tage while the UK's aggressive financial system and deregu-lated economy should give it a city is beset with racial ten-The burning of Mr Salman Rushdie's novel, *The Satunic Verses*, by orthodox Moslems in Bradford last month, and lead over other countries.

Mr McWilliams, who is also visiting professor at Kingston Business School in London, said the stock market had unrest among the city's more radical elements has failed to dent a flowering Asian econ-omy which is becoming increasingly multicultural in failed to appreciate the turn-around in British management

performance and prices of UK company shares were "far too low" by international stanits trading patterns.

Asian food has proved one of the uniting factors of a cosmopolitan community where cul-tural integration has been lim-He said: "Harder, sharper more robust, more determined and more confident" manage ited to that which is possible outside the confines of religion. The curry houses are prov-ing increasingly popular with ment has been the key factor behind the "outperformance"

of the British economy. Official figures have considerably underestimated British growth in recent years because of statistical under-recordings associated with the information technology industry and industries using information technology, Mr McWilliams added.

UK growth has been about 1.25 per cent a year more than recorded during the 1980s and presently is about 1 per cent a year more than in the official figures, As a result Britain has grown more than a fifth faster than the average of the other major industrial economies in the past decade.

He said macroeconomic pol-

icy probably did little to support growth in the 1980s. Sup-ply side improvements such as tax cuts, deregulation, privatisation and industrial relations reform have been important in making rapid growth possible. "extra ingredient" behind Britain's strong growth

has been a UK management renaissance in which managers have responded more positively to economic circum-stances than might have been expected in the light of historic trends.
British companies have benefited from improved financial

manufacturers acted "as at electric shock," Mr McWilliams The abolition of exchange controls in 1979 meant a level of profitability below that in other countries was no longer acceptable while the increased sophistication of UK financial

markets forced British manage-ment to take difficult deci-

management since the early

1980s when losses among UK

The need to improve financial performance gave a spur to spending on information technology. "There is a clear con-nection between the UK man-agement renaissance and the spurt in growth in the UK information technology indus-try in the early to mid-1960s," Mr McWilliams said. Looking ahead, Mr McWil-liams said the further spread of

information technology should benefit the UK, which already has the largest information technology market place as a proportion of gross national product in Western Europe and should be able to exploit the shift in this market from being based on the production of electronic hardware to being based on software and services.

Britain's exports of informa tion services are already over a quarter the size of UK manufactured exports. "One forecast that I have seen suggests the UK's exports of information services will, by the end of the century, exceed those of manu-factures," Mr McWilliams said.



The Bradford generation: a prosperous future for Asia's children

depreciate his family's revulsion of passages in the Rushdle book. "I showed the offensive passages in that book to Chris-tian colleagues on the magis-trates' bench and they shared my disgust," he said.

The Rushdie affair has united an often disparate Mos-lem community. Bhuttoists and supporters of the late President Zia have supplanted their domestic squabblings with a mutual hatred of Rushdie and his publishers, Viking Penguin. The debate raging within the mosques and Asian homes con-

trasts with the outward calm of the working community where the developing Asian economy is recognised as an increasingly important factor in Bradford's regeneration. The Asian community suf-

fered badly in the recession which was already biting in the textile industry before 1979. Thousands were made redun-dant as the industry shrunk by half by the early 1980s.

the belp of a \$1,500 grant from Bradford City Council and a \$5,000 bank loan he has been Mr Sher Azam, president of the Council for Mosques in Bradford, explained: "These were poor people and much of the money they earned went back to Pakistan or Bangladesh for their families." freezer that can freeze 500 curries at once. He employs six the supermarket chains.

Mr. Malik, a member of the
Ahmedi sect – persecuted in
Pakistan for its belief that the

As families gradually became reunited in Bradford a greater proportion of the earnings were retained in the community but the redundancies in the recession dealt a new economic blow to Bradford's in nature yet this does not 55,000 Asians.

There was no alternative employment. No new indusemployment. No new industries were encouraged into the city, said Mr Azam. The main problem was lack of development land. The closure of a mill putting 1,000 people out of work, would release perhaps only an acre of development land.

Bradford City Council is seeking new industrial land through compulsory purchase powers but in the meantime the Asian community has been steadily expanding its eco-nomic base. The signs of future prosperity are encouraging compared with 10 years ago. We knew there was work in

the south but families which had been split before were reluctant to be split again. The family unit is so important to Moslems. Many formed their own small businesses out of necessity," said Mr Azam. In 1966 Bradford had a little over 100 Asian businesses.

Twenty years later there were more than 1,300. Mr Azam manages the Panorama super-market which claims to be the largest Asian food store in Europe. The business was established when 180 families pooled their resources into a co-operative venture. We followed Islamic principles which do not allow borrowing involving the payment of interest. All the money invested came mainly from the shareholders. We did not borrow a penny from the bank he said.

Moslem businesses have con-

supplies where a single shop may support, in some cases, a family of 10 or more. Small manufacturing concerns, however, are springing up among the other ethnic minorities.

Mr Tony Bhogal, one of Bradford's 8,000 Sikhs, man-ages Autoelectro, a family business which employs 15 people reconditioning starter motors and alternators for cars. The Moslem community is large enough to trade inter-nally but we need to trade with everybody so we tend to coneverybody so we tend to con-centrate on technical and man-ufacturing businesses. Quits a few Sikhs have businesses in the building and motor trades," he said. Antoelectric has started

exporting in a small way to the West Indies and is planning to increase its workforce to ser-

rice a new local contract.

The Asian stores and shops are firmly established on the Bradford tourist trail by a city council promotion called Fla-vours of Asia. Mr Azam claims Asians come from Manchester and London to shop in Bradford.

Bradford. "Attitudes are changing. More of us now accept that our future is here in Bradford. We like to think our community is assisting the economy in its own small way. There is a lot of confidence about in the city today and we

feel that too." This increased confidence can be recognised in their willcan be recognised in their willingness to challenge the state
over education, as in the application for direct grant status
from the Zakaria Moslem girls
high school in neighbouring
Kirklees. A Moslem boycott of state schools throughout Kirklees was organised on Tuesday

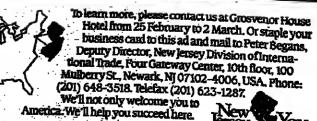
to back the campaign. If there is racial tension in Bradford there is little evidence in the working commumity where Asians and whites work together in relative har-mony. There is mutual respect between the communities and when violence does erupt among Moslems it is usually brief and intense.

The ugly sectatianism and "Rivers of Blood" forecast more than 20 years ago in an election exceed by former MP.

Mr Enoch Powell has not materialised. Some moderate Asians fear it could happen, but most are too busy working 16-hour days to worry about it.

# Looks like New Jersey is welcoming another new company to America.

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# Lloyd's firm completes 'stop-loss' cover facility

By Nick Bunker

A PROSPECTIVE crisis in the supply of 'stop-loss' insurance for members of Lloyd's of London, the private insurance market, apparently receded yesterday with news that Holman Wsde, the Lloyd's insurance broker, has finished six months' work creating a new stop-loss facility underwritten by other Lloyd's syndicates.

Personal stop-loss policies protect members of Lloyd's against unusually large buildups of claims, but there were fears late last year that the supply of cover could dry up because of persistently poor results suffered by the stop-

loss insurers. Delays in arranging stop-loss coverage for 1989 have been unprecedented and there have been fears that the mass resignations of members of Lloyd's seen in 1988 could recur if members cannot buy cover

Two typical Lloyd's under-

writing agents, David Evers and Wellington Underwriting Agencies said that as of Tuesday they had not sent stop-loss premium quotations to any of the members they act for. "We're still waiting in a queue to get quotes from the bro-kers," Mr Evers said.

Mr Michael Wade, of Holman Wade said, however, that his firm had put together a stop-loss contract which should cover the firm's 11,000 clients, about two thirds of the estimated 17,000 Lloyd's members who buy such protection.

A key reason for the delay in completing construction of the facility was that Holman Wade had to arrange what Mr Wade called a "substantial reinsurance programme" with insurance companies ontside

### Apple Corps seeks ban on computer trade mark By Raymond Hughes, Law Courts Correspondent

A WORLDWIDE ban on the use by Apple Computer of the name "Apple" on equipment designed for synthesising music is heling sought by Apple Corps, the Beatles' com-

In its UK High Court action launched this week, Apple Corps is also claiming dam-ages for alleged breach of contract by the California-based computer company and its UK and German subsidiaries.

The dispute concerns a 1981 agreement between the two companies on their use of the Apple trade marks, in which the computer company agreed not to use its green apple trade mark on music synthesising

apparatus.
Apple Corps alleges that
Apple Computer has used its
Apple marks on many products specifically designed to synthesise music, including its

principal personal computers. Mr Nicholas Valner, a partner in Frere Cholmeley, Apple Corps London solicitors, said yesterday that if the action succeeded "Apple Computer will have to drop its Apple name and marks entirely from the products, or re-tool them to take out the alleged music synthesising capabilities, or cease production of the relevant products."

One of the complaints made by Apple Corps in its writ con-cerns Apple Computer's "Musi-cal instrument Digital Inter-face", or MIDI, which is a way of exchanging information between electronic musical instruments and between them and computers.

Apple Corps contends that the MIDI is specifically designed and intended for synthesising music in breach of the 1981 agreement.



radford

The ceasefire in the Gulf War has taken the sting out of Shia radicalism and brought a collective

sigh of relief in Kuwait. Chastened by an earlier financial debacle, the business sector now hopes for an upturn provoked by reconstruction in Iraq, reports Victor Mailet

# A solid stand finally pays off

KUWAFTS sleep more soundly in their beds these days, now that they can no longer hear the nearby sound of warfare between Iran and Iraq, their two overbearing neighbours in the northern Gulf. The ceasefire in August which suspended the war after eight years of fighting is an obvious

For Kuwait, a small but immensely wealthy state of some 2m inhabitants which depends entirely on foreign trade, the most immediate ben-efit of the ceasefire is the improved security for its

imports and oil exports.

After a series of Iranian attacks on merchant shipping going to and from Kuwafi in 1986 and 1987, the Kuwaiti Gov-ernment asked the superpowers for help. Under the most important arrangement 11 Kuwaiti tankers were registered in the US and so earned US naval protection in the Gulf.

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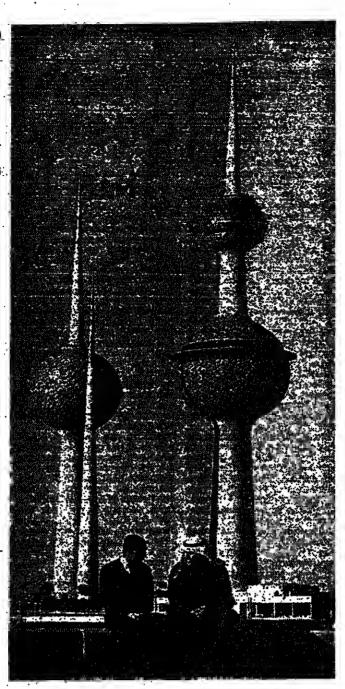
This year, in one of the more : visible signs of the benefits of the peace, the two governments have said the process is being reversed. Six oil tankers are to revert to the Knwaiti flag, and the other five are expected eventually to follow

from the uneasy peace and the chain of events which led to Iran's acceptance of UN Resolution 598. During the war, Kuwait and its allies in the Gulf Cooperation Council had supported fraq — a fellow Arab state. They could only he pleased that it was fran which appeared finally to sue for ace from a position of mili-

The threat of an exported Shia revolution from Iran was particularly feared in Kuwait, where Shias make up a sub-stantial proportion of Kuwaiti nationals and where a handful of Shia radicals had already

resorted to sabotage.
"There was a moment for me and the Government of taking matters very scriously," says Sheikh Salem al-Sabah al-Salem al-Sabah, the Interior Minister. "Now things are relaxed, there is no tight security ... the reports I get have nothing worth mentioning to the Prime Minister or the Emir - maybe a suicide or another social problem.

Shias may still find it diffi-cult to get sensitive jobs in the administration, but the tension has eased. This month Kuwait disclosed that it had freed and deported two of the 17 pro-Iraman militants jailed for their There have been other significant advantages for Kuwait. 1983. Both had served their five



bours - including Saudi Arabia - by diplomacy rather than by force of arms, Kuwaiti leaders

have seized on the ceasefire as

a chance to settle the border

a chance to settle the botter dispute with Iraq once and for all. Sheikh Saad al-Abdullah al-Salem al-Sabah, the Crown Prince and Prime Minister, went to Baghdad this month in

an effort to resolve the dispute,

hut he returned without an

At home the Emir, Sheikh Jaher al-Ahmad al-Sabah, has emphasised Kuwait's determi-

nation to keep and develop its

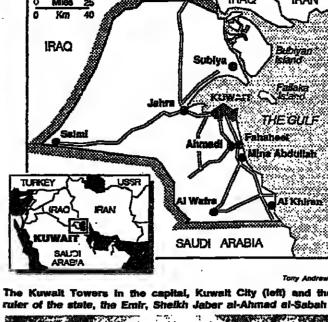
well-publicised visit to the area

agreement.

ers of a Kuwaiti jumbo jet in April last year demanded the release of the 17, and two Kuwaiti passengers were killed. Kuwait stood firm and says it made no concessions. Paradoxically it is now Iraq, supported by Kuwait and Saudi Arabia during the Gulf War to the tune of more than

\$35bn, which is once again regarded as a threat by many Knwaitis. Iraq has a long-standing claim to parts of Knwaiti territory, and Iraqi troops are said to have crossed troops are said to have crossed illegally into Kuwait at least once after the suspension of hostilities with Iran. Since its full independence

to endorse the establishment of a new town at Subiya. In the meantime, Kuwaiti from Britain in 1961 Knwait has skilfully endured the jos-tlings of its much larger neighofficials are all too aware that



The Kuwait Towers in the capital, Kuwait City (left) and the



the Gulf War is suspended rather than permanently resolved. "It is a ceasefire, not an end of war," says Mr Saud Mohammed al-Osaimi, Minister of State for Foreign Affairs. "It will not be easy for them to come to an agreement in one month or even in one year."

To deter any incursions, Kuwait last year decided to modernise its armed forces and agreed to buy \$1.9hn-worth of F-18 jets and Maverick missiles from the US.

In one important respect the ceasefire failed to fulfil early Kuwaiti expectations. Entre-preneurs had hoped for a much underpopulated hut oil-rich northern lands by making a needed surge in non-oil business based on reconstruction in Iraq and even Iran after the war. But the boom has so far failed to materialise, leaving

traders with unwanted stocks and Kuwaiti ports still working well below capacity.

Although Kuwait leapfrog-ged the industrial revolution and plunged straight into the age of high technology on the strength of its oil revenues, the country cannot avoid feeling some of the twinges associated with economic adjustment. The exceptionally generous welfare state, which provides free schooling, free health care, subsidised housing and cheap electricity for Kuwaiti citizens,

encourages large families. Knwait's population is there-fore growing at one of the fastest rates in the world, and oil prices are not as high as they once were, causing per capita income to decline to unfamiliarly moderate levels.



Bankin Foreign workers Political participa Stock exchange Kuwaiti overseas aid

### **Key Facts**

Head of state: Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sahah

Area: 17,818 sq km Population: 1.87m\* GDP per capita: \$10,000 (est) Inflation: 0.6% Currency: 100 fils = 10 dirhams =1 Kuwaiti dinar (KD) Exchange rate: \$= KD 0.288,

£= KD 0.503 (Feh 1988) Merchandise exports: \$8,315m Oil export revenues: \$4,557m

Merchandise imports: \$4,769m Trade balance: \$3,545m Current account balance:

11 :

\$4,414m Principal trading partners: Exports (%): Japan 19.8; Italy 10.5; Netherlands 9.3 Singapore 8.1 Imports (%): Japan 20; US 11.6; West Germany 9.4;

\* All figures 1987

If the expatriates who make up 60 per cent of the popula-tion are included, per capita gross domestic product has been halved over the years to London. around \$10,000. Kuwaitis are not excessively flamboyant, hut they are accustomed to living in comfort. Economists say that personal indebtedness is

on the increase.

Unemployment is just beginning to emerge as a problem as more Kuwaitis complete their higher education. Government officials are concerned that only about half the annual output of 2,500 graduates are finding jobs. Foreign workers, especially the many skilled destinian administrators, are beginning to feel the pinch as the Government promotes the

interests of Kuwaiti nationals. Kuwait's economic maturity and the completion of most of its basic modern infrastructure has revived the debate about long-term planning. Broadly Kuwaitis can be divided into the debate and the device of the devi two camps - the developers and the merchant-financiers. The developers believe that jobs can and should be created at home by investing in local industry. The financiers insist that it is pointless to spend money on projects with low rates of return, however worthy, when there are better profits to be made on the London stock market.

At home the Kuwaiti finan-cial system is still digesting the disastrous effects of the crash of the unofficial Souk al-Manakh stock market in 1982. Abroad, however, Kuwait seems to have been remarkably successful in investing its oil revenues.

Suffice it to say that investment income is now roughly on a par with oil exports as a source of foreign revenue, protecting Kuwait from any sharp fall in oil prices. Kuwait has about \$100bn in reserves, with perhaps two thirds of it in high-quality assets of the

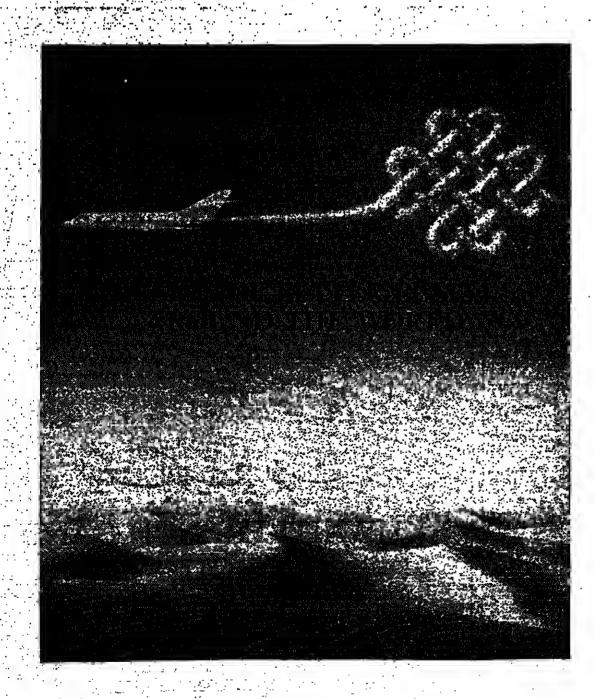
Reserve Fund for Future Generations managed by the Kuwait Investment Office in

Indeed the KIO is financially so powerful that it is likely to have to tread carefully to avoid a repetition of the recent row with Britain over British Petro-leum. The KIO bought heavily into the flopped privatisation issue of BP shares after the world equity market collapse of 1987, raising its stake in the company to more than 20 per cent and antagonising the British Government. A satisfactory compromise allowing BP to buy back shares was eventu-ally agreed, leaving Kuwait

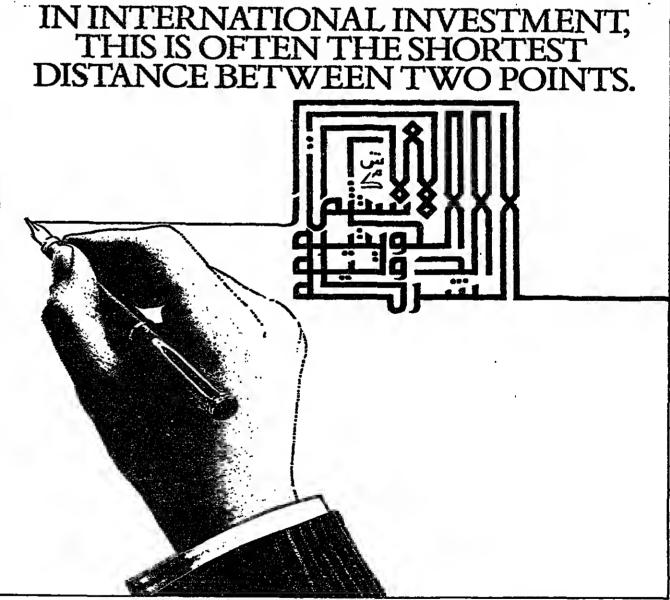
with a handsome profit.
Politically, Kuwait is one of the more developed Gulf states, although its previous experi-ments with western-style democracy have all foundered. Recently former members of parliament have tried to set up a "committee for the defence of the constitution", and have launched the latest in a series of petitions asking for the restoration of the national assem-

Most of Kuwait's inhabitants respect the ruling al-Sahah family, particularly the Emir, and many of them believe that the previous assembly was simply too outspoken in its criticisms of the traditional leadership. The Emir has made no promises, but it is thought that he may eventually allow the creation of a new assembly, possibly one with limited powers and a number of appointed members. Before then the strict censorship of the local media is likely to be eased.

Whatever the future of Kuwaiti domestic politics, the country's rulers are unlikely to be able to relax completely as a result of the Gulf War ceasefire. Kuwaitis will continue to deploy their oil wealth and diplomatic skills for their difficult balancing act in the turmoil of the northern Gulf.



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WITH THE notable exception

of National Bank of Kuwait, an Institution of high interna-

tional repute and in a league of

its own in Kuwait, the perfor-

so-called Difficult Credit Facili-

for the bailing out of most of the private sector by reschedul-

The Settlements Programme

was simply the lowest common denominator whereby players could be held in some measure

responsible for their own indebtedness, thereby salvaging some of Kuwait's reputation in the international com-

munity with a sointion that

caused minimum social and economic dislocation at home.

Under the programme, com-mercial banks, the central hank and individual debtors

are all called on to make sacri-

fices. The country's commer-cial banks — except NBK— are on a life-support system

courtesy of the State of Kuwait The central bank has

guaranteed the net worth -

assets minus liabilities - as well as the deposits of all the

country's commercial and

has pumped more than KD 600m in low-interest and inter-

est-free deposits to banks unable to meet the stringent

loan-loss provisions. In return

banks have to meet central

bank requirements over rescheduling their debts, and obey another, unwritten, rule

that they should make a rea-sonable return on sharehold-

Since 1986 the central bank

investment banks.

The economy faces a period of readjustment

# Crude realities

IT IS commonplace to say that most countries would love to have Kuwait's economic problems. You can still choose between Iranian and Soviet caviar at the local supermar- 3.5 ket. At current rates of production crude oil reserves will last more than 200 years, and for government planning purposes that means for ever.

Even if oil prices fall sharply, Kuwait has sensibly insulated itself by shifting the emphasis of exports from crude oil to refined products, and hy investing heavily in non-oil from these investments is now of the same order as oil reve-

Furthermore, Kuwait bas been dealing with the after-math of the multi-billion dollar 1982 crash of the unofficial stock market, the Souk al-Manakh, hy propping up banks crippled by bad dahts.

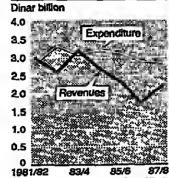
After recently improved oil prices and the Gulf War cease-

fire in August last year the husiness sector hoped for a boom based on reconstruction in Iraq and on the use of Kuwait and its ports as an entrepot for non-oil trade, but the upturn has not yet materialised. Around the time of the ceasefire there was a flurry of activity on the Kuwait Stock Exchange and feverish speculation in Iraqi currency, hut both

were short-lived. With some Iraqi commercial debt still outstanding from before the war, little credit is available for supplies to Iraq. There have been suggestions that the Government would help fund Iraqi reconstruction carried out by Kuwaiti enterprises, but six months after the ceasefire some merchants are said to have been left holding costly stocks of vehicles and building materials.

Many businessmen, economists and consultants are in sombre mood, for without the opportunities abroad there seems little scope for private sector expansioo at home. Part of the problem, they say, lies in the limits imposed by a small population, and the even smaller number of people who display the capacity for hard work which characterises the populations of, for example, South East Asia.

Recent estimates put Kuwait's total population at some 1.9m. Of these, some 800,000 are Kuwaiti nationals **Public finance** Dinar billion



and only 144,000 actually work, and 95 per cent of them choose to work in the public sector under a law passed in the early 1960s which entitles every Kuwaiti citizen to a job in the government.

Nine out of 10 of those working in the private sector are foreigners, other Arab nationals and Asians for the most part, who do not own compa-nies and therefore cannot dictate policies. Kuwaiti nationals in the private sector number only some 8,000.

You cannot create self-sustaining growth in such a tiny state." notes economist Mr state." notes economist Mr Jasem al-Sadoun. "You can do it short-term with surplus oil revenues but not long-term."

Long-term opportunities, some observers think, can only come with the creation of a wider market within which Kuwait's private sector can self-sustaining. Thoughts turn to the six-state Gulf Co-operation Council, consisting of Kuwait, Bahrain, Oman, Qatar, Sandi Arabia and the UAE. But so far the GCC, for all the talk, is essentially a mutual security club for its members rather than a

Other observers, bowever, resent the notion that Kuwait cannot of itself become a self-sustaining commercial and financial entity, insisting the Government has only to provide the incentives and improve the quality of plan-ning and administration.

One does not have to go far to find indications of the pri-vate sector's difficulties. Office rents in central Kuwait are already low compared with the rentals expected when build-

rent expected was KD 12 per square metre. Space went for KD 8 when the building was finished in 1983; the going rate is now KD 4.5, and demand is

Average hotel occupancy rates in Knwait's six five-star hotels, a reliable barometer of business activity, were only 42 per cent last year; the break-even point is put at 55

The outlook is not entirely bleak for contractors. Construction activity continues despite empty office space in the centre of the capital. And with the waveletter desire. with the population rising fast, the Government is planning to build a new town for 100,000 at Subiya in the north. A project is heing mooted to build a \$1bn causaway across the Bay of Kuwait to link the town to Knwait City, and contracts are to be awarded this year for the 2,400MW Subiya power station.
Taken as a whole, the

Knwaiti economy has contin-ued to recover from the recession of the mid-1980s, largely because of higher oil prices. The National Bank of Kuwait estimates that overall gross domestic product growth in 1988 could be about 3.5 per cent, compared with 5.3 per cent in 1987 and a decline of 15.6 per cent in 1986.

Higher oil revenue also helped to halve the projected 1987-88 budget deficit to an actual figure of KD 779m, but the persistent annual shortfall remains a nagging concern for the Government. The official forecast for the 1988-89 deficit is KD 1.3bn. For its citizens, Kuwait is one of the world's most generons and tax-free welfare societies, but even here can be heard the first mutter-ings of the word "austerity".

It may be a drop in the ocean as far as total Government revenne is concerned - 85 per cent of revenue comes from hydrocarbons - but from April the authorities plan to charge a KD 2 airport tax. Still anxious not to talk about new taxes, like US President George Bush, the Government is cer-tainly thinking about "user fees" for public services.

"We have to face reality." says Sheikh Salem Abdul-Aziz al-Sabah, governor of the Central Bank of Kuwait. "We don't have to reach a balanced budget in a very short time, but we do have to start improving ings were commissioned. In one seven-storey huilding the deficit, by playing both

sides - expenditure and revenue. We want to reduce the burden on the General Reserve which comes from the budget deficit. The General Reserve is financing the deficit," he says. In some ways the problem is

more severe than it appears, partly because of the effect of "off budget" items of expendi-ture, including the KD 1.5bn set aside for arms purchases, and partly because of the illiquid state of much of the Gen-eral Reserve. Theoretically distinct from the much bigger Reserve Fund for Future Generations (RFFG), the General Reserve of perhaps \$30hn includes lending to Iraq and other loans which are unlikely

to be repaid. In other ways the hudgetary situation is much better than it seems; the annual outlay of 10 per cent of revenues for the RFFG is included in the budget spending figures, but invest-ment income is not included in

To ease the pressure on reserves Knwait has started to borrow on the local dinar mar-ket through treasury bills and honds, up to a limit of KD 1.4bn, a ceiling expected to be doubled shortly. The issue of these debt instruments, in which Kuwait has led the way among the Guif states, gives the central bank the flexibility it needs to fine-tune fiscal and monetary policy.

In the meantime Kuwait has again temporarily stopped foreign borrowers from marketing new KD bonds, and the last such transactions took place in 1987, when Finland and the World Bank both tapped the Kuwaiti market. "If we maintain the deficits, I rather prefer that the KDs be directed to finance the government defi-cit," says Sheikh Salem.

The central bank had to act swiftly at the end of last year to stem a flight of Kuwaiti capital into foreign currency deposits which were offering much more favourable rates of interest than those at home. The discount rate was raised to 7.5 per cent from 5 per cent. and the measure appears to be having the desired effect.

As Kuwait approaches the 1990s, it is not the thriving regional financial centre that it would like to be. But it does seem finally to be overcoming the chastening effects of the Souk al-Manakh crash. A firm oil market and a consolidation of the Gulf War ceasefire would quickly turn the present cantion of the business com-munity into outright optimism.

> Victor Mallet and Robin Allen

Robin Allen on a troubled banking sector

# Costly operation that mance of the country's com-mercial and investment banks is still overshadowed by the has left deep scars ties Settlement Programme. The Programme, initiated in August 1986, is a euphemism

bank and those required by the central bank are covered out of future years' earnings.

ing net outstanding debts of some KD 5bn.
These refer to the 1982 fiasco According to the central bank governor, Sheikh Salem Abdul-Aziz al-Sabah, who is of the Souk al-Manakh, a multi-storey carpark which housed widely credited with having the casino known as the unoffiauthored the programme, there were 2,408 debtors at the begincial stock exchange. The exchange collapsed from wild were 2,408 debtors at the beginning of this year claiming to have repayment difficulties, but only 1,235, with debts of KD 2.08 billion, whose difficulties were considered genuine. By the heginning of this month, 1,222 bad made rescheduling arrangements satisfactory to the central bank. speculation on a system of illegal, but officially tolerated, "evergreen" post-dated cheques, leaving behind total gross indebtedness of some KD Despite official assertions to the contrary, the Manakh disaster continues to plague the commercial banking sys-tem and the entire private sec-

isfactory to the central bank, and only 13 were said to be "not co-operating." These were being taken to court. Within the rarefied atmosphere of the central bank, the country's commercial banking recovery, with banks' financial statements carrying all the conviction of medical bulletins from doctors hoping for the best for their patients. Apart from NBK, which has never been in "hospital", one other bank is reportedly about to be discharged.

discharged.

But the debt figure of more than KD 2bn still represents nearly half of the commercial bank loans to the private sec-

Of the other half, a large pro-portion is on the books of NBK, which is widely reckoned to have an unusually clean bal-ance sheet. The other five com-mercial banks are Alahii Bank, Bank of Kuwait and the Middle East, Burgan, Commercial Bank of Kuwait, and Gulf Bank.

Sheikh Salem points ont with some justice that it is not the scale of indebtedness that matters so much as the fact that it is fully covered. "Whenever a loan is classified for more than one year, there has to be 100 per cent provision," he said last month.

According to NBK's year-end Financial statements, includbulletin of all the country's hanks, aggregate activity showed steady growth in 1968 ing levels of profits and dividends, are prepared "in accorwith total assets increasing 6.4 per cent by the end of June. dance with the instructions of the Central Bank of Kuwait." However, a good part of the This phraseology is now a standard part of the footnotes m auditors' reports. Any shortbanks' holdings of public debt fall between the specific provi-sions for bad debts made by a their foreign assets. According instruments and an increase in

to the central bank the latter had increased to KD 2.55bn by September from KD 2.4bn in January 1988, while the former had already grown to KD 2.85bn from KD 2.5bn the previ-

ous January. By June the Government had borrowed KD 1.394bn to cover the budget deficit. Some KD 770m was in the form of 91 day Treasury bills and the balance in 1-7 year Treasury bonds. The 1988-89 deficit, according to Sheikh Salem, will be met in similar fashion. The issning of T-bills and

bonds was widely welcomed by the commercial banks. It injected a measure of extra liquidity into the system although NBK was already very liquid - and provided commercial banks with a secondary market in debt paper at the same time as it gave the central bank a greater hold on monetary stability.

In December the central bank again had to intervene, this time to stop the outflow of private capital. It increased to 7.5 per cent the rate for dis-

trade bills. Previously the discount rate had not been used to control liquidity; now it was being linked with the interest rate structure as a whole so that the rates at which canks lend is tied in to the discount

NBK alone gives the impression of fulfilling all the three criteria by which a bank's performance can be assessed: strength of capital and reserves, particularly inner reserves; quality management which is allowed to get on with its job by a hands-off board and shareholders; and the imple-mentation of a coherent and successful strategy to build solid overseas operations on behalf of its essentially Kuwaiti and regional Arab cus

Within the confines of the Government's support system, other banks have either recorded or are expected to report increased profits for

The "three Ks" - Kuwait Investment Company, Kuwait International Investment Com-pany, and Knwait Foreign Trading Contracting and Investment Company – have largely disappeared from the limelight since the heady days of underwriting new issues when the Finance Ministry could be relied on to take many of the issues, and when the KD bond market looked as though it might develop into a significant alternative for western and other governments which wanted to diversify their sources of borrowing. Directly or indirectly the three Ks are overwhelmingly owned by the

# Better Understanding-Better Results ... International and Domestic Money and Capital Markets Management and Underwriting of New Issues Portfolio Management Local and Foreign Brat Estate Development Direct Investments Kuwait Investment Company (S.A.K.)

STOCK MARKET

# Moribund index

THE STOCK market is being destroyed," cried a headline in the leader column of the local English-language daily Arab Times in January. The article, signed by Mr Ahmed al-Jarallah, the proper's editor, in chief signed by Mr Ahmed al-Jaral-lah, the paper's editor-in-chief, talked of an unnamed few manipulating the market where, he said, "the value of shares is good but this does not mean there is any trading."

Not many would agree — at least not with the first part of the statement. The market has barely moved I per cent overall

barely moved 1 per cent overall in the past year, and is almost moribund. But if the present scenario continued, in Mr al-Jarallah's opinion, "the treasury will have to pay."

Mr al-Jarallah is not alone in the second of the second or all the

his criticisms. "The stock mar-ket does not reflect business activity," commented Mr Jasem al-Sadoun, a respected economist in Kuwait.

Indeed the stock market, housed in a Pantheon of black marble in Kuwait's central marble in Kuwait's central husiness district, reflects the extent of the private sector's dependence on Government support for its survival. The Government, through the Kuwait Investment Authority, owns more than 50 per cent of all daily trading is in six bank stocks — out of a total of 42 quoted companies. Only one 42 quoted companies. Only one of these banks, National Bank of Kuwait, stands on its own

feet, a symbol of what the rest of the Knwait private sector only hopes to achieve. "Real profitability, rather than simply the moving of Knwaiti private sector," said one local consultant dismissively. He and others like him had warned against over-opti-mism as the stock market flared up briefly in the wake of the Iranian acceptance of a ceaselire in the Gulf War. And as though to underline their point, the surge had fizzled out within a week.

As a barometer of economic health, let alone as a source of new money, the stock market is at best of marginal value. But it carries on, and indeed the day may well come when the Government can get out of the market - as it would like - without causing the edifice to collapse.

"The KIA has assured the stock exchange they will not dump shares but will sell according to a specific programme," Mr Hisham al-Oteibi. the exchange's director-gen-

eral, said earlier this month. To be listed, Kuwaiti or Gulf companies need to produce audited figures going back at

least three years and to have shown net profits of at least 3-5. per cent in each of those years. Two offshore Kuwaiti financial institutions, one of which it is suggested may be London-based United Bank of Knwait, could be listed this year. A new parallel market,

where companies have to show net profits of only 23 per cent for each of the preceding three years, may also be established. soon, according to Mr al-Oteibi. This parallel market would replace the previous one, abolished last December, which catered for the rump of Guif shares from the now discredited Souk al-Manakh.



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tion whether KPC, which also

explores and produces outside

Kuwait through the Kuwait

Foreign Petroleum Exploration

Company, needs to find any more oil in the North Sea,

Egypt or China.

To engage all those funds in not-so-promising areas for the purpose of exploration of crudes that would compete

with our crudes and other

Opec crudes when we have the third largest reserves in the world makes no sense," says

one prominent Kuwaiti critic of KPC's upstream operations.

ding members of Opec in 1960 and has been closely involved

in the organisation ever since Kuwait was once one of the oil price "hawks", although in

recent years Sheikh Ali has been one of the leading propo-

nents of price moderation

based on quotas which are not over-stringent hut which

should be properly obeyed. In April 1988, when the idea

of a reduction in production

once more gained momentum. Sheikh Ali requested a defini-

tion of production and of con-

"We have to agree on what we are cutting," Shekh Ali said in Vlenna, warning that "the applecart is collapsing

under its weight of contradic

that there are plenty of oil sup-plies - but that demand is

By announcing to the world

Kuwait was one of the foun-

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Results...

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. Land Desert

Victor Mailet on a bullish investment policy

# A victim of success

ONE BATTLE is over, for the ments - varying according to time being at least. At the end the state of the world's equity. of January shareholders in and other markets - is esti-British Petroleum approved a management plair to buy hark £2.4bn worth of BP shares from the Kuwait investment Office (EP), thus halving Kuwait's stake in Britain's liggest company and ending a period of somewhat strained relations between the two countries.

But the much larger ques-tion of how Kuwait intends to behave in the future as an international investor with enormous resources remains

sheikh Alf Khalifa al-Sabah, the Oil Minister and the man widely believed to be behind the KRO decision to life its BP stake as high as \$1.7 per cent, is unrepentant. He and other Knwatts were outraged by the British order last year that the KIO should cut its holding to 9.9 per cent, but pleased that the KiO was seen to have made a profit of some £380m on the

final deal. Knwaiti officials point out that the KIO was operating within the law and according to free market principles. It mopped up BP shares after the British Government decided to privatise its remaining 31.5 per cent BP stake despite the stock market crash of October 1987. Shelkh Ali appears to sup-port the relatively aggressive stance recently taken by the KIO in Britain and Spain,

insisting that unwritten rules are no rules at all and that Kuwait should be able to act like any other investor. "The only rules we know are the rules that are published and passed by the appropriate authorities," he says. "RP is a special situation because of the fictation, and if a chance of a repetition occurs we will do it, unless there is specifically a law to prevent us from doing.

Sheikh Ali's critics abroad and in Kuwait, however, approach may bring abort-term investment gains only at the expense of Kuwait's long-term

interests. In some ways Kuwait is the victim of its own success. Instead of spending all its excess oil revenues on white elephant industrialisation pro-jects in the desert, it put them aside as reserves, investing across the globe from Japan and Singapore to the US, Can-

mated at more than \$100bn. Roughly two-thirds of it belongs to the Reserve Fund for Future Generations (the RFFG which is not supposed to be used until 2001 or beyond, and the rest makes up the General Reserve (much of it in illigate seeets, including

loans to Iraq). The London-based KIO has its origins in the Kuwaii Investment hoard of the 1860s, and is thought or manage most of the RFFG.

The Kuwait Investment Authority (KIA) is based in

After the controversy over its BP stake, the question of how

Kuwait intends to behave in the future as an international investor with

enormous resources remains unanswered

Kuwait City and is said to manage much of the General Reserve, although its functions overlap with those of the KIO. It was set up only in the 1980s, in an apparently vain attempt to exert some central control over the KiO. Officially, the KIO is now no more than an

KIO is now no more than an arm of the KIA.

Kuwait's policies have paid off handsomely in a period of low oil prices, providing the country with a measure of financial stability which must be envied by other mono-commodity experters. In 1986, and probably again last year, investment income overtook oil as a source of foreign earn-

ings.
But the funds available to the KiO are now so large that it is becoming increasingly dif-ficult for the organisation to act without making waves or arousing anti-Arab sentiment in the countries where it oper-

Spain has been a recent tarinstead of spending all its get. Acting largely through its shares within stream of revenues on white Torras Hostench, a paper completes in the desert, it put them is ide as reserves, investing cross the globe from Japan and Singapore to the US. Cauda and Europe.

Spain has been a recent target. Acting largely through its shares within substantial loss, political position was regarded as portfolio worth well over thin was regarded as Now there is a few and and Europe.

All says the KiO has received won a difficult the support of Spanish Government officials, although he accepts that KiO activities in a battle.

are bound to lead to a certain amount of stepping on Spanish

Outside Kuwait there is inevitably resentment of Kuwait's financial muscle and of the KiO's tax free status in London as a sovereign body. There is also suspicion — however much Knwaii insists that its only concern is financial gain

- about the motives of the state investment bodies of an OPEC member, especially when they are buying off-re-lated assets such as BP. The KIO and the KIA are secretive, and the dividing line between various Kuwaiti Government reserves and sources of income is hazy. Sheikh All is Chairman of the Kuwait Petroleum Corporation, as well as a mem-

ber of the KIA board. Not all Kuwaitis share his views on investment policy. Mr m al-Kharafi, the Fir Minister, believes that the KIO should not be investing in oil which Kuwait has in abundance – but diversifying the country's holdings into other

Amid growing auxiety about the KIO's unfettered stock market forays, a three-man committee was put to work last year to define the rules of engagement for the KiO and-the KIA, although Sheikh Ali says the KIO "still has a lot of independence".

Above all the fear is that the high profile recently taken by the KIO will restrict its freedom of action in the future. Mr. Jasem al-Sadoun, a leading economist, calculates in any case that the entire BP deal constituted a book loss for the KIO at the end of last year, largely because of the low price of the shares making up the 9.9 per cent retained by Kuwait.

He is particularly concerned

about political damage. "We should be very cantious because our investment everywhere could be under a certain risk," he says. "Since-Britain acted against Kuwait, the same could be done anywhere else." At one point in the BP saga, when it seemed that Britain would force Kuwait to sell off its shares within a year at a substantial loss, Shelkh Ali's political position in Kuwait was regarded as vulnerable. Now there is a feeling that he won a difficult contest of nerves. It is unlikely to be his or Kuwait'a last investment

KUWAFT, with its 94bn barrels of crude oil making up the world's third largest reserves, has adopted an aggressive strategy to manage and market its production. The stateporation (KPC) has steadily increased its output of refined products and made inroads into downstream international

marketing. Kuwait's production quota within the Organisation of Petroleum Exporting Countries (OPEC) is just over 1m barrels per day (b/d), of which about 660,000 b/d can be exported from Kuwait's three modernised refineries as value-added refined product. A further two refineries in Europe, one in Denmark and one in the Netherlands, add another 130,000 b/d.

RPC is planning to double its

own share in overall down-stream sales from the current level of 250,000 b/d. KPC officials are looking for new outlets outside Europe, where the Q8 (pronounced Kuwait) brand of petrol stations has become familiar. They have said they are looking towards the Far East markets and eventually

But despite widespread admiration of KPCs independent downstream expansion it has eschewed joint ventures - there are donbters in Knwait who feel that KPC has

bought less than glittering downstream retail assets while western oil companies move into more profitable sectors such as chemicals. Sheikh Ali Khalifa al-Sabah,

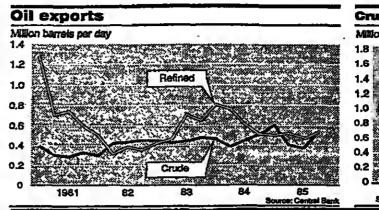
the Oil Minister and chairman of KPC, rejects such criticisms and denies that Kuwait has been taken for a ride. "We haven't paid very much for our downstream assets," he says. "We have taken operations that we think are economic and have proven them to be financially successful."

We will try to consolidate,

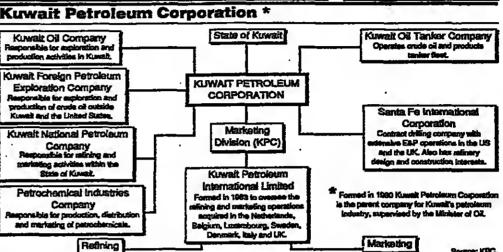
strengthening ourselves in markets where we are weak or even going ont of markets where there is no chance of building up to a sufficient share," he says. "One way or another we will be going to the Far East. It's more difficult to break into that market but we will do it. If we consolidate in Europe and establish ourselves in the Far East we might even consider the US — but that is a bit too far ahead."

The downstream network is seen in Kuwait as particularly important for strategic purposes, because it makes the country less vulnerable to crude all price volatility and to the whims of customers. The idea, says Sheikh Ali, is to avoid dependence on any OIL

# Q8 looks to the Far East



Crude oil production Million barrels per day 在现 0.44



buyer of crude. "If the worst comes to the worst we put it through our system." One dilemma facing KPC is the possible conflict of interest between future downstream

expansion and adherence to

from investments abroad.

KUWAIT IS going ahead with a project worth about \$140m to build a polypropylene plant in the Shuaiba industrial zone, using propylene

gas from the refinery at Mina al-Ahmadi. Poly-

propylene is used for woven sacks and a range

of other products from plastic crates to

ball-point pens. So far Kuwait, with understandable caution,

has resisted the temptation to spend its oil reve-

nues on massive industrial projects at home, preferring the higher rates of return available

Petrochemical Industries Company, a subsid-

iary of the state-owned Knwait Petroleum Cor-

poration, has hitherto concentrated on fertiliser

production, both in Kuwait and through joint ventures in Bahrain, Tunisla, Turkey and

China. PIC is also responsible for salt and chio-

can and does routinely use non-Kuwaiti crude in the European network run by its sub-sidiary Kuwait Petroleum International.

On the upstream exploration side, KPC became embrolled in the Opec quota, although KPC controversy over its purchase

turn around.

tional Corp, the US-based contract drilling, oil exploration and process engineering company. The price tag, at \$2.5bn, was considered by many observers to be much too high, and there are those who ques-Cautious industrial expansion

With the fertiliser market depressed and gas sometimes in short supply in the past – a pipeline from Iraq was completed in 1986 – the fertiliser operation in Kuwait has been running

well below capacity, according to KPC officials.

Latest PIC figures for the 1987 financial year

show an accumulated loss of KD 41m, more than

double the figure the previous year.

But Sheikh Ali Khalifa al-Sabah, the Oil Min-

ister and chairman of KPC, says that PIC is profitable now after a period of expensive restructuring and difficulties caused by the Gulf

War, which was suspended by last year's cease-

last couple of years, we have spent a lot of sweat and blood on KPC subsidiaries making them

"Now there is no problem," he says. "Over the

Victor Mallet

A PROPERTY OF THE PROPERTY OF

improving and Opec is produc-ing much closer to capacity than generally believed -Sheikh Ali is aiming for firm but not soaring prices. He says Opec production is not far off the agreed level of 18.5m b/d, and he expects prices to stabilise in the coming months in 1981 of Santa Fe Internaaround the proposed Opec level of \$18 a barrel. It was in the 1930s that the

densates.

tions."

then Knwaiti ruler, Sheikh Ahmad al-Jaber, signed an agreement that gave the two old competitors and new part-ners in the Kuwait Oil Company - the Anglo-Persian Oil Company (later British Petro-leum) and Gulf Oil Corporation - exclusive exploration and production rights of oil in

Kuwaiti territory for 75 years. The first shipment of exported oil left Knwait in 1946. In 1975 KOC was nationalised, and five years later KPC

was founded to consolidate all oil and hydrocarbon industry activities under one roof. At current rates of produc-

tion, the oil which has transformed Kuwait into a modern state with international financial muscle will last for more than two centuries.

> Haitaa Khalafallah and Victor Mallet

# **FORESIGHT**

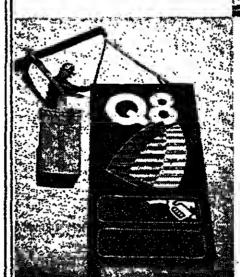


Kuwait has already shifted from relying on a single resource... Oil, to making innovative and intelligent investments abroad. This is clearly a vital key to ensuring the country's future growth,

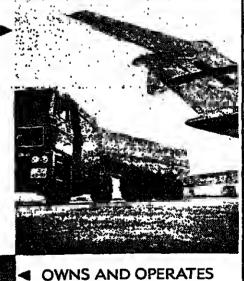
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AND IS ONLY 8 YEARS OLD?



Kuwait Petroleum Corporation

FOR YEARS the Gulf states have talked of reducing their dependence on immigrant Arabs, Asians and westerners who have helped to establish and run the region's modern industries and services in exchange for a share of the oil

In Kuwait, the process known as the "Kuwaitisation" of the workforce appears finally to be gathering steam, encouraged by the completion of many infrastructure projects and the first signs of an unemployment problem among Kuwaiti graduates.

It can only be a slow process At present 60 per cent of Kuwait's population of just under 2m are foreigners, and the non-Kuwaitis make up no less than 83 per cent of the total workforce. In some sectors, such as construction and manufacturing, virtually all workers are foreign.

Immigrant manual labourers and domestic servants, many of them from Asia, will proba-hly always be in demand. Few of Kuwait's wealthy citizens favour such jobs. But foreigners with skills shared by up and coming young Kuwaitis are beginning to feel the pinch. Officially all Kuwaitis are enti-

Foremost among the victims are the 300,000 or so Palestinians, the second largest community in the country after the Driven from their homeland

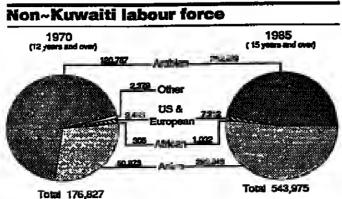
after 1948, many have spent their lives in Kuwait, working in government and in the private sector as doctors, diplo mats, economists and profes-With the exception of a bandful wbo bave been granted Kuwaiti citizenship. they must often leave the country unwillingly within weeks of retiring. Some manage to obtain US or Canadian

passports. Others go to Jordan. "In the old days they didn't mind if a Palestinian over 60 carried on working. There was lots of money then. But now they are applying the rules very strictly to non-Kuwaitis," says one leading Palestinian. "It has created a lot of resent-

Along with their Lebanese and Egyptian colleagues, Pales-tinians would welcome resi-dency rights for non-Kuwaiti Arabs who have lived in the country for a long time, although they know that there is little prospect of the Government accepting such an idea. They resent it when a skilled and experienced Palestinian is overlooked for a joh in favour of a Kuwaiti fresh out of uni-versity. They dislike it when a Kuwaiti is paid three times as much as a foreigner for doing the same work.

Kuwait has nevertheless been a comfortable haven for the Palestinians and strong supporter of the Palestine Liberation Organisation (Palestin-ians in Kuwait pay a levy on their wages to the PLO), and Victor Mallet on the worrying imbalance in the labour market

# Foreigners feel the pinch



some long-term residents seem to be more sad than hitter about their plight. They know the rules. Foreigners cannot stay without work. They are not allowed to own property -which means high rental payments - or a majority share in a husiness

The rules, meanwhile, are becoming stricter, as the Kuwaiti authorities pursue their goal of having Kuwaitis in the majority by 2000. New regulations prevent foreigners in the private sector from taking second joha, discourage attempts to switch from one job to another, and stipulate

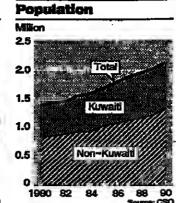
that those absent from the country for more than six months can lose their right to stay. Yet for many Palestinians Kuwait is a home both more prosparous and politically more liberal than alternatives such as Jordan, Iraq and Syria. The gradual departure of skilled Arabs has increased the

proportion of Asians in the population, and they now make up more than half the foreign labour force. Each Fri-day hundreds of immigrants from the Indian sub-continent gather to socialise in a park near the Catholic cathedral in Kuwait City.

IT IS Sunday night and the ebullient Sheikh Salem al-Sabah al-Salem al-Sabah, Interior Minister and member of Kuwait's ruling family, is welcoming new arrivals to his

weekly dimaniya. Some of the guests wear for-mal gold-braided cloaks over their dishdashas. Some of them advance to Sbeikh Salem under the mosaic portrait of his grandfather and kiss him on the cheek or the forehead or the bridge of his nose when he rises to greet them. All of them are men, and all take a seat appropriate to their seniority on the sofas lining the walls of

The huge room, otherwise bare of any furniture but the inlaid wooden tables around the edge and the chandelier of coloured glass, is buzzing with conversation. Among those present are the Saudi Arabian ambassador (he whispers in the ear of the Minister), the head of the Kuwait Investment Office in London, the Chief of Staff of the armed forces, the new commander of US forces in the Middle East, and an array of professors, business-



Like other poor immigrant communities in the Gulf and other parts of the world they have grievances, hut no politi-cal influence and plenty of economic reasons for not making trouble.

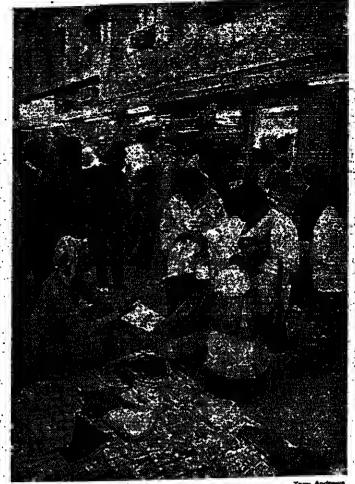
Domestic aervants have sometimes been sexually assaulted. Construction workers have occasionally gone on strike, accusing their employers of falling to pay them. The system of employer eponsor-ship which grants people entry to Kuwait makes them virtually the equivalent of inden-tured labourers. In one recent court case a maid was sen-

with hard labour, followed by deportation; she was said to have made a false allegation of sexual assault against her employer in order to take up a job in another household.

The Government has cracked down on illegal Asian immigrants as part of its efforts to cut the foreign labour force. "When the work is over, this labour has to emigrate, says one Government minister bluntly, expressing surprise at the influence of immigrant communities in Britain. This is a situation which could hap-pen here in Kuwait, and which we want to avoid."

"Knwaitisation" is particu-larly advanced in the civil service and the public sector where nine out of 10 Kuwaitis work. In the private sector employers are urged to take on nationals, hnt often prefer a cheaper, more skilled foreigner who is not liable to military service. "Kuwaitisation and profits don't go," says one busi-

However determined the Government, foreign workers will remain essential to the Knwaiti economy for many ers and as skilled administra



Asians make up more than half of Kuwait's foreign labour force

### Political participation

# Armchair democracy

men, politicians, journalists and government officials. This is a popular diwaniya.

People come and go through-out the evening, calling greet-ings to the Sheikh across the room. One man brings a writ-ten petition in a sealed envelope, while the leader of a group of farmers complains aloud to Sheikh Salem about a plague of locusts and the recent frost. The Sheikh responds that God and not the government is responsible for such events, and he jovially urges the farmers not to use the problems as a pretext for raising food prices. He fences verbally with each interlocutor, testing his mood and mea-

suring his political will. Elsewhere a dozen quiet conversations continue, covering everything from sport to nuclear disarmament. Visitors fiddle with their strings of beads as they talk, and ser- mad al-Sabah, the Emir, dis-

vants circulate with small cups of bitter Bedouin coffee. The diwaniya - a word which describes both the dis-cussion group and the building-which houses it — is a dominant feature of male life in Knwait and an important social and political phenome-non which has no parallel in the West. Originally the word referred to the men's quarters in a Bedouin tent, and it is linked, for obvious reasons, to

the English "divan". Many Kuwaiti houses have a canina outbuilding attached. The meeting itself takes on a wide variety of forms and sizes. It might be a small gathering of friends who drink tea and play cards, a literary evening, a lecture, or a more formal occasion at which a minister makes himself available to his

Since Sheikh Jaber al-Ah-

solved the National Assembly in 1986, the diwaniyas have come a particularly important channel for political griev-ances in Kuwait, which is one of the Gulf's most sophisticated and politically active societies.

But the system has its limitations as a political institution. In some ways the dinomi-yas are gentlemen's clubs, although many are theoreti-cally open to all. Kuwaitis tend to go to the divaniyas of peo-ple they like or respect, thus reinforcing rather than challenging each others' opinions.

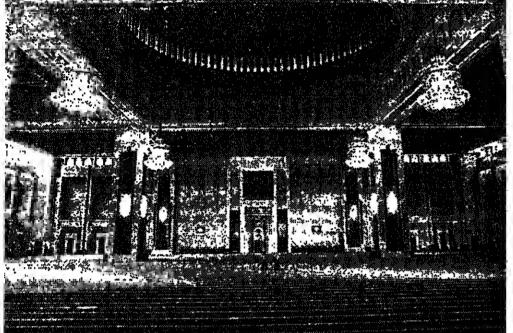
At least the divaniyas allow the ruling family to test the political temperature and to experiment with new ideas. Sheikh Salem says he might raise a particular issue one Sunday, let people mult it over, and then bring the subject up again a week later to "get a feedback".

Among the subjects vigorously debated at dimoniyas this year are the calls from former members of parliament for the reconvening of the National Assembly.

"Maybe my diwaniya has a little bit of formality, but oth-ers I go to are smaller, say, 10 to 15 people," says Sheikh Salem. He visits perhaps 20 diwaniyas a month, but during the holy month of Ramadan the number rises to 100, with about 20 minutes spent at each gathering. It is said that Sheikh Saad al-Abdullah al-Salem al-Sabah, the Crown Prince and Prime Minister, goes to as many as 300 during Ramadan and returns home only in the early hours of the

As for Sheikh Salem's own divaniya, any man is free to enter, even if he might hesitate to do so. There is no visible sign of security, only an open gate. "It is an indication that the doors of the al-Sabah family, and of the ministers, are open to all," says Sheikh

**Victor Maile** 



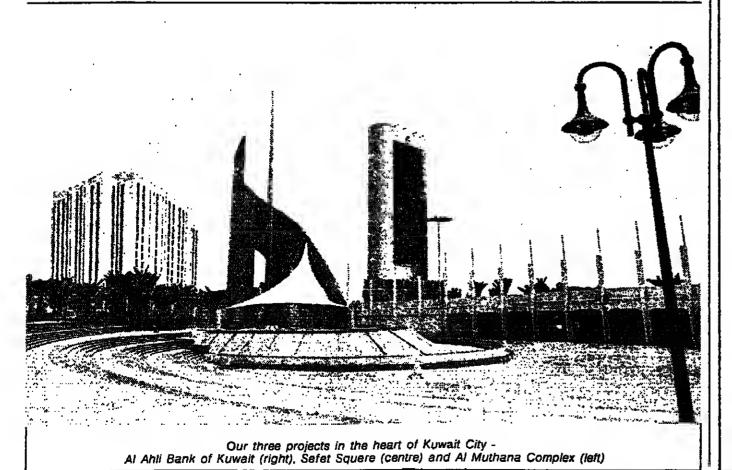
The Grand State Mosque in Kuwait

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Foreign Aid

# **Leading Third World donor**

KUWAIT has always been one of the world's most generous donors of aid as a proportion of its gross national product; and

its gross national product; and at times the most generous of all. During the oil boom in the late 1970s its total foreign aid reached levels of more than eight per cent of GNP.

The boom years are over now and Kuwaitt aid has declined sharply to around \$300m, but that still represents nearly two per cent of GNP, or more than double the level recommended by the UN.

Most of the aid is distributed through the Kuwait Fund for

through the Kuwait Fund for Arab Economic Development (KFAED), but there are also contributions in the form of grants and loans from the Government and assistance in kind in shipments of crude oil.

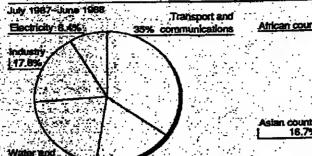
Aid to other countries, in the past at least, has been a particularly important foreign policy tool for a small state anxious to maintain its neutrality and independence in a turbulent region. Just after full independence from Britain in 1961
Kuwait was faced with Iraqi
claims to its territory, and it
was in that year that KFAED

But Mr Abdul Wahab al-Bader, KFAED's deputy direc-tor in charge of operations, says that Kuwaiti aid is much less political than that of some other major donors, which give most of their assistance to a handful of strategic allies or to

handful of strategic allies or to their former colonies.

"It's not really a political institution," he says of KFAED. "I'm working in China, I'm working in Victnam, I'm working with the countries that I really feel are in need. Since the Fund'a establishment the idea was to help other countries. Knwait is help other countries. Kuwait is a developing country too. We were not in an easy situation before the oil, and then we

Sector and geographical breakdown of Fund loans



political motivation. Of course the political element of it is to be friends with everybody. If

sewage :21.6%

that's politics then I love it."

KFAED's aims have changed since its foundation. As its. since its foundation. As its name suggests, it was originally devoted to helping the Arab world, but in 1974 the scope of its activities was extended to the rest of the developing world. The focus is still on Moslem countries, whether African, Asian or Arab.

In the 1987-1988 financial year, Arab countries received 45.7 per cent of the loan commitments, with African coun-

mitments, with African countries taking 28.6 per cent. Asia 16.7 per cent, and others nine per cent.

Among ether donors, KFAED appears to be respected as a quiet, efficient organisation which inspects its projects carefully and makes sure the money is well spentlis institutional structure protects Kawatti aid from the taint of personal favouritism or corruption. corruption -

For the past three years, KFAED has received no alloca-tion from the Knwalti budget, ere not in an easy situation relying instead on money gen-efore the oil, and then we erated by its own reserves. A vere blessed.

Think there is a great invested directly in Kuwalt,

and the rest placed with out-side managers in Kuwait or

Condon.

"Our financial position as a whole is very good," says Mr al-Bader. "We have amounts we are investing which generates very good income in addition to the interest on previous lower it reached the point last loans. It reached the point last year where reserves almost equalled the paid-up capital. "The Government changed

the laws to allow us to increase our capital from our reserves. We assess yearly net income, then take 50 per cent into the capital and 50 per cent into the reserves. We will be able to generate as much as we com-mit."

Paid-up capital is now KD 1.4bn (up from KD 970m) and reserves are KD 464m, with annual commitments running

at about KD 80m.
KFAED aid is concentrated on economic development agriculture, infrastructure, industries and telecommunications - rather than on social projects in education or health.
The latest annual breakdown
of the figures shows transport
and communications taking 35 per cent of the loans, followed by water and sewage with 21.6 per cent, industry with 17.6 per cent, agriculture with 17.4 per cent and electricity with 8.4

per cent.

The projects backed by KFAED — which takes on a maximum of half the financing of any one project — include the development of pharmaceutical production in Egypt, rural water supply in Mauritania, natural gas in Oman, and a natural gas in Oman, and a road in Papua New Guinea.

Loans are on concessional terms, usually with a grant ele-ment of between 25 and 70 per cent, repayment periods of up to 35 years, and grace periods of up to 10 years. KFAED also gives a small amount of grant aid to the poorer countries, usually for preliminary

Ask why Kuwait needs to help the relatively wealthy Gulf states such as Oman and Bahrain, Mr al-Bader replies that per capita income is not always an appropriate statistic by which to judge a country's

Bahrain needed considerable infrastructural development and Oman has a small popula-tion in relation to its size. As service KFAED loans, although there have been problems with

Victor Mallet

# ISLAMIC ART

# Guardian of rich treasures

KUWAIT is a small, modern city state where the drinking of alcohol is officially prohibited. If you are a visitor at a loose end there is little to do with your spare time unless you fancy a drive into the desert, or a trip to Entertainment City, the funfair and children's town. Single men are not

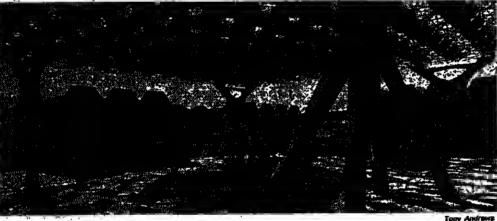
allowed to enter.
All is not lost. Since 1983 Kuwait City has been blessed with one of the world's most impressive public displays of islamic art, the al-Sabair collection housed in the Kuwait . National Museum.

DDLE EN

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National Museum.
Inspired by his wife Sheikha
Hussa and by school-time
memories of Moslem shrines in
Jerusalem, Sheikh Nasser
Sabah al-Ahmad al-Sabah, a
member of the ruling family,
began a private collection of
Islamic art in 1975. In an astonthingly short time he has ishingly short time he has amassed some 20,000 objects, ranging from carpets and decorated manuscripts to candle-sticks, coins and astrolabes. Subsequently he decided to

make a permanent loan of the collection to the National Museum, where about 1,000 of



one time.

"Yesterday these objects were scattered in Europe and America and other distant parts," wrote Shelkh Nasser at the time of the handover. "Now they are nearer to their places of manufacture, allowing those who live here to see the products of their great civ-

historians and researchers the chance to pursue their studies

into Islamic art, which is tradi-tionally but by no means exclu-sively strong in calligraphy and decorative design rather way I ran it in my house," she says in her office at the than in figurative representation. Along with the geometri-cally patterned ceramic tiles and the silver-inlaid bronze bowls are some fine illustra-tions of noblemen and courtly life from Iran and India.

Sheikha Hussa looks after the collection in its new home, organising local exhibitions

am just running it in the same way I ran it in my house," she says in her office at the

But since the collection became public it has a new dimension. We make use of it in education to introduce people to Islamic art and culture. It has become more than an object of beauty. It has become

a cultural centre.
"It is considered one of the most comprehensive collec-tions in the world, not in the number of objects but in the areas it covers and in the qual-ity also."

Like her husband, and like

Greeks anxious for Britain to return the Elgin marbles, Sheikha Hussa is keen to gather in the Islamic art plun-

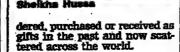


travellers know that the right location, personal service and quality facilities a business trip. So when





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"This is what we are trying to do - to get it back," she says. Kuwaiti collectors are not short of money, but export restrictions in the countries concerned often make it difficult to buy at will.

Exhibitions are an important Exhibitions are an important part of Sheikha Hussa's work. This year they include one on the early links between Sweden and the Arab world and another on Arabic texts printed in 16th century Europe. Plans are already under way for sending some 100 exhibits to Leningrad and then the US in 1900.

Arrangements have been concluded for the sale of the shares of

Mongoual S.A.R.L.

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**Gulf International Properties** 

Société Montaigne-Jean Goujon

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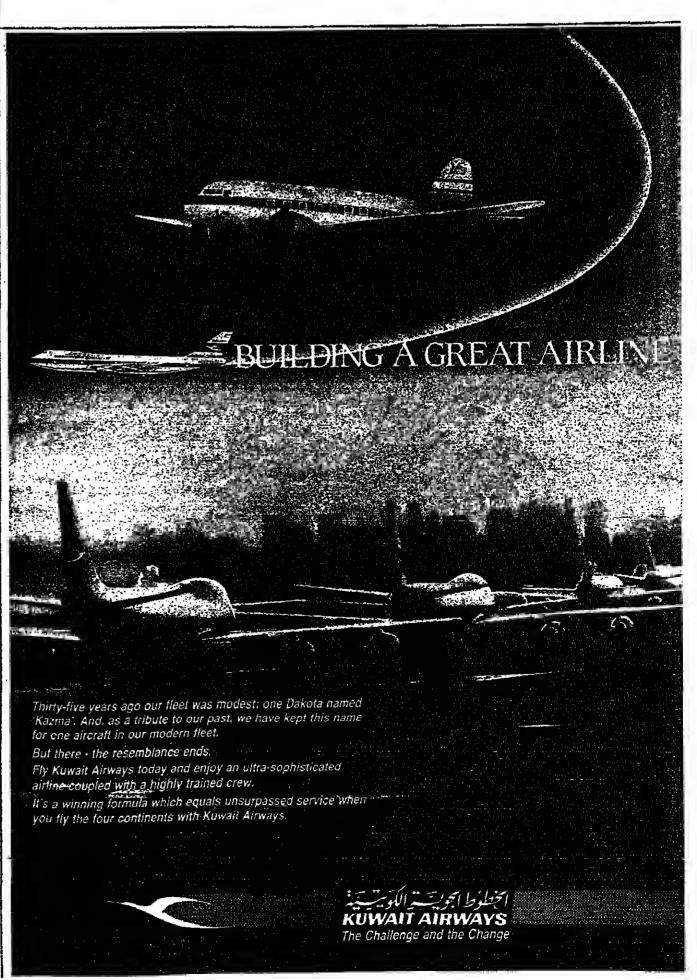
Caisse des Dépôts et Consignations

Union des Assurances de Paris

The undersigned initiated this transaction and advised the vendors upon the disposition.

بنك الكويت الوطنيقي The National Bank of Kuwait sak

Jones Lang Wootton





# Putting the squeeze on the juice sector

A train takes the strain in Tropicana's efforts to dominate the \$3bn US orange drinks market. James Buchan reports

very week, twice a week, a freight train a mile long leaves a siding in the town of Bradenton and rumbles north through the swamps and golf courses of central Florida for New York City, 925 miles away. The train carries orange juice, 1.2m gallons of refriger-ated juice newly squeezed from Florida fruit, and it is a mighty weapon in one of the fiercest marketing battles in the US

The train is owned by Tropicana, which has been shipping Florida fruit and juice to New Yorkers for 43 years. Next month is the peak of the growing season and the company's creaking, clanking processing plant at Bradenton is working round the clock. The office of Robert Soran, the 46-year-old chief executive, looks out over park of growers' trailers, heaped with orange fruit.

"Look at us here and look at the competition," he says. "They don't grow oranges in Houston and Cincinnati."

Houston is the headquarters of Coke Foods, the food divi-sion of Coca-Cola, Cincinnati of Procter & Gamble. These com-panies are among the most skilful mass-marketing crganisations in the world. But in the \$3bn orange juice market, Tropicana, a company with just 12 officers, 12 marketing people and less than \$900m in sales, is making all the run-ning. And this is all the more remarkable because Tropicana's owner, the Seagram wine and spirits group, has lit-tle experience of selling non-al-

coholic drinks. Coke Foods' Minnte Maid orange juice is still the largest US hrand, with a share of 24.8 per cent at the last count in December. But it mostly sells a drink that the customer makes up from frozen concentrated juice, and the American customer increasingly cannot be bothered. In the rapidly grow-ing market for orange juice that comes ready to drink, Tropicana had a 27.5 per cent share in the month to December 3 against Coke Foods' 21.7

Meanwhile, P&G, which tried to bulldoze the competition in time-honoured fashion, is thought to be losing money hand over fist in a struggle to hold a share of only 9.1 per cent. The rest of the market belongs to price-shaving pri-

vate label juices.
"We've had cola wars; now we've got fruit juice wars," says Michael Bellas, an industry consultant in New York. "This is going to be a dandy one to watch."

Tropicana may yet be muscled out of the way by its burly competitors. But it appears to be holding off a concerted challenge from Coke Foods in its New York market, and expand-ing rapidly in California and

Almost single-handedly, Tropicana has changed a com-modity industry into a market where it can establish and defend a price premium. This is no easy task because orange juice looks pretty much the same whichever way it's made, even if it tastes different. And US law is very restrictive, by European standards, in what can be termed fresh or pure. Tropicana's success has had

a lot to do with luck and technology, an experienced work-force and oodles of capital. More than that, it shows what a small and tightly knit management group can do if it really understands its product and loves to fight.

Tropicana was founded in 1946 by Anthony Rossi, a Sicilian immigrant turned Southern Baptist. Through a mixture of commercial sense and (according to his second wife's memoirs) divine guidance, he hit on the idea of chilling slices of orange and grapefruit and packing them in glass jars for the breakfast tables of the great Manhattan hotels. Orange juice was the

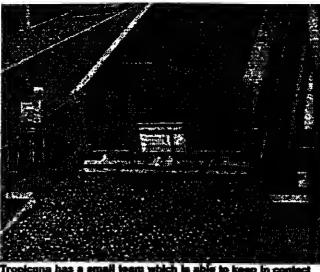
In the years after the Second World War, the rest of the industry concentrated on creating a mass market by evaporat-ing juice — increasingly from Brazil - and then freezing and shipping the residue. This cuts volume by around 75 per cent and greatly reduces shipping and storage costs. Unfortu-nately, the heating and freezing process damages the fragile oils and flavours in the orange. Under Rossi, Tropicana

remained specialised, seeking premium markets through relatively advanced technology. Its main product, Tropicana Pure Premium, has always consisted of Florida oranges squeezed, pasteurised rapidly, refrigerated and packed. The juice will not last more than a few weeks even in a refrigerator and so, for a long time, the company had to forego wide distribution. But it gained dominance of America's largest and most sophisticated market, New York. It has never let go. In 1957, Rossi launched an orange juice tanker, the SS Tropicana, to ship the juice to a pier in Queens, across the East river from Manhattan. In 1963, when frost wiped out the Florida crop, he moved Tropi-cana's operations to a barge off

the coast of Mexico and bought the Mexican crop. In 1978, Rossi sold the business to concentrate on missionary work. Under the ownership of Beatrice, which paid him \$500m for it, and Kohlberg Kravis Roberts, the New York investment firm which bought Beatrice in 1986, management was greatly simplified. It now consists essentially of

Soran, a 12-year veteran of Beatrice, Robert Weissman as head of marketing and a finance officer in George Zulanas. Soran says the team is small enough to keep in touch with grove owners as well as the foremen and union leaders at Bradenton.

executives a great opportunity. Americans have become more careful about their health and many have shifted from soft drinks to fruit juices or from concentrate to "fresh-pressed" juice. A severe frost in 1983 sent prices of all types of sent prices of all types of orange juice soaring. Says Dan-iel Schafer of Coke Foods: "As the price of other orange juices rose, it was easier for customers to make that jump into pre-



These were classic conditions for what marketing peo-ple call the "segmentation" of a commodity market. But each my tried to reap the benfit in different ways.

Tropicana sought to build on its premium reputation, increasing its capital spending five fold since 1986 to cut costs, improve packaging technology and introduce Pure Premium Homestyle, a new product with chunks of orange in it. A special lining in the cartons has made it possible to expand as far as California. Because Tropicana is more expensive but still turns over quickly, retailers are eager to stock it over lower-priced juices. "Three years ago, we were in half the country," says Soran. "Now we're national."

P&G powered into the mar-ket in 1981, hoping to gain a quick double-figure percentage share with what it claims was a superior product, which it called Citrus Hill. But its vari-ous formulations, including a calcium-fortified version, and different packaging missed the fashion for a purer product. "If

you want calcium, you can drink milk," says Soran Wall Street analysts believe that P&G has now lost so much money in the business certainly over \$100m, that it cannot afford the huge cost of moving into not from concentrate, refrigerated trains. After its own excursion into calci-um-added inices. Coke Foods ed juices, Coke Foods did introduce its own notfrom-concentrate in the Boston and New England markets last May, and moved into New York later in the summer. A farious battle erupted.

Soran says that the new Min-

ute Maid product, Premium Choice, "imitates" Pure Premium in its name and its packaging. There has been heavy mice discounting and promotion all round. In the key New York market, Premium Choice had garnered a 4.1 per cent share by early November, but from concentrate Minute Maid had lost share. Pure Premium seemed to be holding steady. Citrus Hill was down.

What happens next will depend more than anything on profits. Seagram bought Tropicana as a strategic diversification from its spirits base, which is shrinking. The company and \$12 he for Transport pany paid \$1.2hn for Tropicana, which is probably about 20 years' profits at 1987 levels. The payback will come more quickly if Tropicana's profits grow. But profits growth has been harder to achieve since Coke Foods launched Premium

But analysts believe that Seagram, which is controlled by the Bronfmann family of Canada, can afford to forego

canada, can afford to forego immediate profits to build a valuable brand more easily than its competitors.

Even P&G, renowned for never abandoning a market, has become more profit-oriented after a series of bruising and wastern marketing battles. and wasteful marketing battles in the 1980s. Says Jay Freedman, an analyst at Kidder Peabody on Wall Street: "I think they'll get in a foetal position and try and survive. They're not so inclined to throw dollars after markets as they pead to after markets as they used to

Soran says: "I told the Sea-gram board that in three or four years it will be clear that

UK mower battle

# Competitors cut up rough

Philip Rawstorne on the latest bout of TV advertising

A 10-second television deal of satisfaction and plea-commercial last week signalled more surely than the praceding weather forecast that spring had compared that spring make everything around it had come a little early this year. The commercial showed a map of British being trans-formed, to the sound of a mower, from a patch of over-grown grass into a neatly

striped lawn. It was the opening shot from Qualcast, the lawnmower manufacturer, now part of Blue Circle group, in the annual advertising battle for the UK's £130m lawnmower, market.

The move seems to have caught Qualcast's major competitors — Flyino and Black & Decker — on the hop. As Qualcast's commercial went on air, Flyino was finishing filming its commercials in Australia.

But if the mild winter has meant an earlier than usual start to the fight for market share, the main battle will not be joined until April; and though it promises to be as fiercely fought as ever, it will be waged this year in a more civilised fashion, than the

civilised fashion than the tooth and claw "hover bovver" wars of the early 1966.

Qualcast last year switched advertising agencies, replacing WCRS, which made its name with the "less bovver than a hover" campaign against Flymo, with Burkitt, Weinreich, Bryant (BWB). The advertising theme had become redundant as Qualcast had also begun to manufacture a range of hover mowers, and Flymo begun to manufacture a range of hover mowers, and Flymo improved its product. "A differ-ent approach was needed," says Phil Buckle, managing director, "and we decided that it would be better to get a new agency to take a fresh look at the situation."

BWB's research showed that most householders regarded moving the lawn as a chore -

but that they gained a great

look better. The TV commercial which will form the core of the main £2.75m six-week campaign beginning in April was shot at Stonehenge last September. The 2200,000 production shows the grass around the ancient stone circle - "a tricky bit of rockery" - being mown to a

neatly striped finish. The stone circle then tidies itself up - an effect achieved by assembling polystyrene blocks on Arsenal's training blocks on Arsenal's training ground at London Colney, in Hertfordshire. "The difference shows where a Qualcast mows," says the slogan, which is to be repeated in a national poster and press campaign as well as on the company's bro-

Qualcast is counting on its early start, the mild weather, and its switch of advertising tactics to reverse a decline in its market share over the past. two years.

The company still claims brand leadership with a 44 per cent volume share of a largely static market in which some 1.4m mowers are sold each year, most of them in April, May and June. It estimates

Flymo's share at 34 per cent.

Flymo's share at 34 per cent.

Flymo, part of the Swedishowned Electrolux group, disputes those figures, and virtually reverses them in its ciaims
to be market leader.

Les Evans, Flymo's managing director, plans to spend
23m on a TV campaign this
spring, with some supporting
press advertising. Saatchi &
Saatchi has made two new, 30
second commercials, one for a
hover model, the other for a hover model, the other for a rotary mower which produces the striped finish so heavily featured in the Qualcast adver-

The difference shows where a Qualcast mows.

Just as Qualcast has moved Just as Qualcast has moved into the hover mowers that it once denigrated, so a quarter of Flymo's production this year will be wheeled, rotary machine in continental Europe where it is now looking for further

is now looking for further Evans declines to reveal the theme of his campaign in advance. But we have a new marketing platform," he says. Guarantee cards already being returned to the company, he adds, suggest that Flymo is still gaining ground this year despite the fact that it has not yet started to advertise.

The intensity of the competi-

The intensity of the competi-tion between Qualcast and Flymo in pricing, marketing and technology, has made it very difficult for any other usnufacturer to gain ground. US-owned Black & Decker. which entered the market in which entered the market in 1978, has never been able to secure more than 17-20 per cent of the market, lagging well behind in third place, despite the success of its other garden and household tools. It refuses to talk about its advertising place for this was

plans for this year.
More surprisingly, perhaps, considering their achievements in other industry sectors, the Japanese threat has also been contained. Ten years after it entered the market in a blaze of publicity, Honda has failed to achieve any significant pensistents. etration. The general estimate is that its petrol-driven rotaries have secured no more than a 23 per cent share at the most expensive end of the market. The idiosyncratic UK mower

market, with its preference for electric-powered machines, and its split between cylinders, be one place where a global marketing approach does not WOLK.





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### CINEMA

# Cops, killers and kooks

MANHUNTER Michael Mann

THE ACCIDENTAL TOURIST Lawrence Kastan

MR NORTH

Danny Huston THE BIG BLUE

Luc Besson

DIARY FOR MY CHILDREN and DIARY FOR MY LOVES

THE TERRORISER **Edward Yang** 

Mata Meszaros

"How did you eatch me?" asks the mass murderer. "You had disadvantages", replies the detective. "What disadvan-tages?" "You're insane." If Dostoevsky had been hired

to script an episode of Miami
Vice, he might have come up
with the screenplay for Michael Mann's Manhanter. Mannwrote it himself as it happens,
from a Thomas Harris novel. But as a Hollywood thriller it is more like a Russian novel: two hours of psychic scuba div-ing into the midnight minds of a serial killer and his barely

less obsessive pursuer.

Detective Will Graham (William Petersen) has a knack for tracking down psychotic kill-ers: he thinks himself into their thoughts and near-tele-pathically plots their moves. However, this process has its bruising price it landed him in a mental clinic last time round. And now that another mass killer is loose — the "Tooth Fairy" (speciality, leaving love hites on his slaughtered victims) - will the police have the heart to lure Graham out

of voluntary ratirement?
You bet they will. No film otherwise. Soon, across the gleaming geometry of Michael Mann's America, with its pastel twilights, designer chlaroscuro and colour-coordinated cop shops (from the producer of Miami Vice, what else?). mysticism. After all, there are only six days to the next full moon and "this guy's on a lunar cycle."

Manhunter hits cliches like tripwires, as it gallops through the dark night of the post modernist police detective. But the film has so much pace, tension and bravura that cries of "Oh no, not that old chestnut when the hero's own wife and kids are theatened by the sicko, or when his climactic quarry is (yes) an attractive blind girl — barely have time to leave our lips. Mann's previous movies, Thief and The Keep, were lashings of style in search of some substance. Manhunter is still 80 percent style, but the style has mounted a motorcycle. It moves so fast that its thrilling hlur becomes one with the serie discrientations of a plot in which madness is harne in the fight for reason and jus-

The only serial killer in Lawrence Kasdan's The Accidental Tourist is life itself. It wears



Geena Davis and William Rurt in "The Accidental Tourist"

down and terminates each of us in turn, accidental tourists to Planet Barth.

The hero of Ame Tyler's funny, touching novel was a travel-writer, here played hy William Hurt, who specialised in pain-killing guides for businessmen; how to travel abroad and think william at the contravel abroad and think will are the contravel abroad and think will are think will be a second to the th and think you are still at home. Cocooning others, he has long cocooned himself. Now a bereaved parent — his son was innocently killed dur-ing a supermarket robbery — he is about to emerge from shock to encounter the temper-ature changes of marital separ-aration (from Kathleen Turner) and romance with a kooky

Roger Rabbit's.
You can believe that this man – a psychic stretcher-case just like his temperamental corgi dog – would attract a dangerous do gooder like Miss Davis: a woman with an eye, nay a telescopic sight, for waifs and strays. Miss D draws Mr H to her, using for bait only her natural wackiness: an eccentric wardrobe (she must shop in Baltimore's answer to Oxfam), a working-class yap of a voice, and a refusal to return her man gracefully to his estranged wife when the latter beckons. (Kathleen Turner is Davis's perfect opposite: all

eyes as dazed and orbital as

## Rain Man wins Golden Bear at the Berlin Film Festival

The 39th Berlin Film Festival touching and finally shot folded its tent yesterday and is through with tragedy. probably trying to fold its memories too. In a lean year America's ... Rain ... Man of Miami Vice, what else?). America's Rain Man from Australia, Growing up in Graham is doing what a man's gotta do. After tapping into the gotta do. After tapping into the Gene Hackman (Mississippi woven of fantasy and reality. help of his old enemy Dr Han. Burning and Isabelle Adjand Novem of fantasy and reality. But help of his old enemy Dr Han. Burning and Isabelle Adjand Novem of fantasy and reality woven of fantasy and reality. So, implies the film, and misnibal Lecktor (Brian Cox (Camille Claudel). But the two chevously elaborates the consulty batty as the behind, best suprises of the festival this time, a prey to multi-colour hero legs it from one foreits. The Policy feature A Start postwar Commis phobia to the science to his own brand of Film About Love is magnifi appalling hibrity of the Rabmysticism. After all there are cent. Kraystof Kleslowski's bit Muster, when myxemato-

cent. Erzystof Kieslowski's new movie in his planned ten-film series based on the Ten-Commandments — its prede-cessor won last year's Best-European Film award — hums with wit and invention. Begin-ning as a tale of voyeuriam, with a young postal worker playing Peeping Tom to a beautiful girl in the flat oppo-site, it metamorphoses into a love affair first teasing, then

young dog-trainer (Geena Tyler's novel is perfect matewhose own filmography has rung dramatic temperature changes (Body Heat, The Big Chill). As warming passion and deep-freeze anomie battle it out for our hero's soul, the film is by turn moving, thoughtful and deliciously funny. Burt, as if bowing to Trades Description legislation, keys his performance to "hurt" looks. Visibly in shock for most of the film's 120 minutes, he moves his face in tiny articulations of dismay, horror or bewilderment. Here a lip lifted in distaste, there two

six required the nationwide surrender of all pet bunnies. Celia shows the Australian dream at a point where it began to shade, comically and menacingly, into an Austra-Han nightmare. Both these films are expected in Britain later this year.

through with tragedy.

Equally volatile and hypnotic is Ann Turner's Celia from Australia, Growing up in

Keep a watch out.

clothes sense, grace under pressure and racehorse nos-

Kasdan arrays his characters across a wide screen and then engulis them in misty-grey or dark-olive colours. (Superb photography by John Bailey.) They look like soldiers drown-ing in life's trenches. In movies, fidelity to a good novel is often a bane not a boon; a pledge of stunted literalism. But The Accidental Tourist is faithful in the very best sense: it does not merely reproduce Tyler's story, it embraces it. breathes it and lives it as if

# Breathing is less happy in Mr North: For his directing debut Danny Huston, son of John, has taken Thornton Wilder's novel Theophilus North and endeavoured to prise it, with much gasping effort, from the

The titular hero (Anthony The titular hero (Anthony Edwards) comes to Newport, Rhode Island, in 1926. Here amid the pristine Gatsby set the young man purveys his magic: an ability to store electricity in his body and healingly discharge it from his hand. Soon le tout Newport is begging for more, including incontinent milionaire Robert Mitchum, cockney con-man Mitchum, cockney con-man Harry Dean Stanton, lovesick chambermaid Virginia Madsen and spinster heiress Anjelica

After the reluctant tourist, here is the reluctant faith-healer. Soon our hero is being chased across the skyline by healing-hungry crowds and by a director — Mr Huston vainly attempting to pin the subtle magic of Wilder's messianic fable onto film. But the photography is pretty without depth, the star cast shines without afterglow, and the picaresqua scenes trip into each other like guests at a gen-teel, overcrowded gams of blind man's bluff.

Picaresque would be an under-statement for Luc Besson's The statement for Luc Besson's The Big Blue, a vast, glossy non-sense which has been packing in audiences in France. We start off in "Greece 1965," meeting our hero as a young boy. (He will grow up to become champion free-diver Jacones Moyol, played by become champion free-diver Jacques Mayol, played by Jean-Marc Barr). Soon we move to "Sicily 1988," meeting our hero's lusty, hard-living rival Enzo (Jean Reno). Then we are off to South America, where Mayol takes practice dives beneath the Andean ice. Then we go to the French Riviers: then New York (to meet era; then New York (to meet Rosanna Arquette, who will become Mayol's love); then Taormina for the world diving

Accompanied by music that sounds like pan-pipes with emphysema, this round-world trip is among the silliest, longest films of the year. Around its real-life hero Besson assembles a disposable tissue of make-believe: cavorting dol-phins, postcard-pretty sea-scapes, a love-rivalry plot between Mayol and Enzo, and the inevitable climax when One Man: Does Not Return From The Deep. (With he real: M. Mayol still alive today, no prizes for guessing who it is.

Happily, there is still intelli-gent movie life on this planet. You may find examples at the Camden Plaza or the ICA. The first presents Marta Meszaros's moving autobiographical diptych, Diary For My Children and Diary For My Loves: two tales of growing-pains in purge-torn Hungary, as the Communist Family grew and Uncle Joe Stalin tried to stop dissenting chips leaving the

At the ICA, a superb Taiwanese film, Edward Yang's The ese film, Edward Yang's The Terroriser. Enigma and eerie discontinuity score this tale of lives yoked together by urban terror. Draughts of fear blow through the near-abstract geometry of rooms and streets. Relationships piece themselves together like reluctant jigsaws. And the sound of murder is and the sound of murder is only one sound amid the bab-ble of traffic, street cries, a dis-tant child practising the plano. This is a movie made like a mosaic, and it is mesmerising.

**Nigel Andrews** 

# Martha Argerich

otherwise a periectly ordinary Philharmonia programme on Tuesday evening, in which Giuseppe Sinopoli conducted Wagner and Beethoven, Martha Argerich delivered an account of Liszt's First Piano Concerto that was anything but ordinary. On this page some years ago Dominic Gill described Argerich as possibly the most talented of an outstanding generation of planists that also includes Pollini, Ash-kenazy and Barenboim. But her concerts in London have been erratic in recent times -a few concerto appearances, and last year a memorable recital with the violinist Gidon

In the midst of what was Kremer, but no solo engagements - and the progress of such an inspirational artist has had largely to be tracked, imperfectly at best, by her infrequent recordings.

> The Liszt First Concerto is unpromising material for a sustained display of musical intelligence, but here it was forged into a musical unity oute as convincing as the bril-liance with which its technical difficulties were surmounted. The technique one quickly takes for granted with Arger ich - there can be few pianists with more effortlessly natural control, and she is able to direct all her energies upon

articulation and expression. Even single chords, in the rhetorical flourishes of the opening movement, were charged with exceptional excitement; the dramatic grip which was visited upon the concerto in the first solo entry (and fully reinforced by Sinopoli's direc-tion, with the Philharmonia at its formidable best) was never allowed to falter. The decora-tion around the themes of the slow movement, raptly floated, exquisitely turned, still carried with it a crystalline precision, and the finale was opened with quite bewitching élan.

In the last movement Arger-ich set her accompanists an

impossible task, nndging the tempo this way and that, treating each bar almost to a separate collection of nuances. Yet it was never wilful or incoherent: the movement remained triumphantly all of a piece, projected in a single curve towards the dashing coda. Writing about this planist one tends quickly to exhaust one's stock of superlatives, but this was a concerto performance to store sway in the most enduring memory. If there is anything to approach it in London this year the audience will have been fortunate indeed.

Andrew Clements

dinating details (with which

the score is crammed, in Berg's

charateristic way) to some

supra-musical plan. On the

contrary, the dramatic life of

the music lies every bit as much in the fraught details as

in the larger extreme contrasts

of mood and pace, and the Vermeer players rendered it all

empathy, as well as beautiful sound. They persuaded us that

it is no exaggeration, but the

plain truth, to say that the

Lyric Suite is the chamber-

scale Tristan of our century.

# Vermeer Quartet

ST. JOHN'S, SMITH SQUARE/RADIO 3

String quartets take very well to the ripe St. John's acoustic

— I even think that they sound better when broadcast from there than from most purpose-designed studios. Certainly the Vermeer Quartet's Haydn and Berg was transmitted superbly from their BBC Lunchtime Concert on Monday: the refined intricacies of Berg's Lyric Suite were extra-lucid, and yet enhanced by a warmth and depth that one might have expected to be incompatible with all that fine detail. The Vermeer began with Haydn, the E-flat "Joke" quar-

good excuse for, and then they took np the neartfelt Largo sostenuto with unstinted lyrical feeling. The "joke" final Presto was the better for being played ont with deadpan neat-ness. The taut balance of the ensemble was no less a pleasure throughout than the imaginative solo details that stood out here and there.

Their account of the Lyric tet from opus 33. It began Suite made a magnificent case snavely (some quartets leap for placing it among the great-Suite made a magnificent case

ext of high-romantic docu-exuberance), hnt well-sprung and alert. By the scherzo they were waltzing away happily, something that the music gives and excuse for and then that secret erotic scenario: the slightly frantic headings of its six movements (2Presto delir-ando", "Trio estatico" and so forth) had always implied something of that kind. But for performers, understanding it as a continuous personal narrative, rapturous and tragic, must focus the interpretation of the work quite sharply; and the remarkable dramatic power of tha Vermeer reading answered to just such a vision.

David Murray

# A Hero's Welcome

THEATRE UPSTAIRS

A washing line along a strip of cracked red earth defines the performance area for Winsome Pinnock's latest play, with the audience banked up on either side. It is an oddly discomfiting arrangement which breaks down the naturalism of the dialogue by the simple physical fact of seldom allowing two characters into a single field of vision. Although director Jules

Wright undoubtedly has her reasons for choosing to stage it like that — Pinnock's central concern, after all, is the disseems significant that the most successful scenes in a structurally rather rickety piece are often the ones played in close-up; the tender humour of two young women watching a liner departing for England with another load of Jamaican emigrants says everything that needs to be said about the plight of those left behind. One is pregnant, the other girlishly anxious to hear the first gur-gles of life. Lowering her ear to her friend's belly for the umpteenth time, she hears the blast of a departing foghern. It is a beautifully poised and complete moment which hardly needs the reminder that the baby's father will be on the next boat.

The play is set in 1947 in a Jamaica whose heroes have long returned to civilian life bringing with them the myth of war glory and the scent of a freedom denied them by the claustrophobic realities of island life. It is a terrain well raked over by the current crop of male West Indian drama-tists, but Pinnock comes to it afresh, reclaiming the female



Joanne Campbell and Pamela Nomvete

experience of the post-war exo-dus in much the same way as the war years have been reclaimed by English women writers. Tha perspective she offers is just as resonant.

Her male characters remain shadowy figures: the hrash young buck (Gary McDonald) and Brian Bovell's limping, bookish veteran of a supposedly heroic campaign exist in relation to the women who manipulate, mother and long for them. While the aged Nana, played with cackling humour by Mona Hammond, mugs up her palmistry from an ancie

teach-vonrself manual, the younger generation despair of old-fashioned love potions as the means of winning themselves a future.

The most pragmatic of the three girls is Minda (Suzanne Packer), an archetypal climber, who overcomes her disappoint-ment at the death, in flagrante, of her eiderly, wealthy employer by marrying the local hero and finally eloping to England. She is not bad so much as driven by her ambition to rise in the world - a fact that seems to be implicitly accepted by Pamela Nomvete's

gentle, compassionate Sis. The chosen structure leaves little space to develop the conflict of interests between the girls - a little more social context-setting would firm up the centre of interest, for want of which the earlier scenes tend to lose their sense of purpose. But for all its faults, this strongly-performed Women's Playhouse Trust production reveals a writer who, like her characters, is obviously going

Claire Armitstead

### **ARTS GUIDE**

# EXHIBITIONS

The Royal Academy. Italian Art in the 20th century: after Ger-man and British, the third in the Academy's roughly blennial sequence of major national surveys. Daily until April 9, except Good Friday; sponsors Alitalia

and Fiat.
The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until April 9.

The Hayward Gallery. La France: Images of Women and ideas of Celebration of France, the Revolution Revisited. The exhibition is an odd and delightful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depicted in French art over the two centuries since the Repolytica, with a few antathe Revolution, with a few ante-cedents thrown in. It is frustratcedents inrown in. it is including in that not all the requested leans were met, and the gaps are eloquent of the larger exhibition that might have been. But even so it is a generous and affectionate tribute to Britannia's difficult neighbour. Daily until April 18: then on to the Walker Art Gailery, Liverpool, May 3

to June 11. The Royal Academy, Italian Art rne Roya: Azaumny. Rahan Art in the 20th century — after Ger-man and British, the 3rd in the Academy's roughly biennial sequence of major national sur-veys. This is an exceptionally thorough study of the earlier phases, clearly setting out the several developments of Futur-ism, Metaphysical Painting, Real-ism and Abstraction, but is rather more cursory and hel-ter-skelter in bringing the story up to date. But the works in themselves are well chosen throughout, never less than intriguing and often very beautiintriguing and often very beautiful. All in all it is a remarkable exhibition (daily until April 9, except only Good Friday, sponsors Alitalia and Fiat).

Minsée du Luxembourg. Trea-sures of Gello-Roman Silver-ware. The splendour of Roman silversmiths' work is brought to life by the zich finds on the territory of Roman Gaul. 250 exhibits show favourite decou-tive motifs — floral themes, scenes inspired by hunting or by the Dionysos cult. Tableware, mirrors and treasures from tem-ples testify to the finesse of Roman and Gello-Roman master craftsmen. 19, rue de Vaughrand (42342585). Closed Mon, ends April 23.

April 23. Musée Picasso, Because the floors of the museum are crumbiing under the passage of visitors, all the paintings have had to be taken down during repairs, which will last for about two

months. Louvre. Pavillon de Flore. The mbrandt school is on show at the Louve. It consists of 29 canvases by Rembrandtesque artists and is especially interesting in view of the recent contro-versy about attributions of some of Rembrandt's own paintings. Closed Tue. Ends March 27. Entry from the Quai des Tuiler-

les, opposite Pont Royal (42 80 28 26).
Centre Georges Pompidou. Tinguely's thicaring genus sets his machines swiring and whirring in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations in his recent works. Closed Tue. Ends March 27 (42 77 12 33).

new.

Musée Royanx d'Art et d'His-toire Indus. The ancient cultures of Pakistan. Closed Monday, ends May 14.

Musée Royaux d'Art et d'Ris-toire. Tibet - Terror and Magic, sculptures and paintings of lama-ist gods on loan from the Musee Guinet, Paris, Closed Monday

# ends May 14 (733.9610).

Roymuns Van Benningen Museum. Twin exhibitions on Rembrandt and his school com-prising a lavish 300 drawings and 30 paintings, all from the museum's own collection. Ends

Nationalgalerie, Potedamer Strasse 50. Guggenheim Collec-tion Around 60 paintings from the Solomon R. Guggenheim Foundation in New York and Venice with works by Picasso and Pollock are exhibited. Ends March 19. ...

Kunsthalle der Hypo Kulturstif-

vanz. This exhibition with 68 piaces from all periods is the first hig presentation of Delveaux's works in Germany. The 9aux's works in Germany. The became famous for his surrealist work in the 1930s, influenced by De Christops and Magritta. work in the issue, influenced by De Chiricos and Magritte. The main subject of his paintings are naked women in classical settings and landscapes from his homeland. Ends March 19.

Sintigart Museum. Key works from the Thyssen-Botnemisza collection covering the period collection covering the period from the 14th-18th centuries, as well as works by Hollein the younger, Frans Hals, Peter Paul Rubens and Albrecht Dürer.

Kunstherhous, The Soviets are

becoming more relaxed about exhibiting their treasures abroad The latest to hit the West is a collection from Leningrad's Har-mitage which is devoted to Scythian Gold, the golden arti-facts of the Scythians, a nomade scytnian con, the gouen arti-facts of the Scythians, a nomadic people who once ruled over a large area north of the Black Sea. The 170 exhibits – ranging from gold-embroidered clothings, earrings and tablewear – were found in the ritual grave mounds of the Scythian kings. Ends February 26. Secession. The Austrian design-ers, Oskar Putz and Adolf Krischanitz are worth seeing. Kris-chanitz, who designed some of

the marvellous furniture at the

eeing what the post-war

ing a big impact in Japan.

### generation of Austrian artists are up to, one can also see Klimt's Beethoven Frieze.

Spanish Academy (Piazza a. Pie-tro in Montorio 3). Seventeenth and eighteenth century Italian drawings from the Biblioteca Nacional, Madrid: over a hun-Nacional, Madrid: over a frun-dred drawings of quite exec-pional quality, with representa-tives of all the major Italian schools: Roman, Bologness, Nea-politan, Florentine, Genoese and Venetian. Among the most charming are two sketches by Girn Lorence Bergin of decoracharming are two sketches by Gian Lorenzo Beruzini of decorations for the Roman churches of Sant'agostino and S. Maria Delle Vittorie; landscapes by Salvaiore Rosa, an architectural study by Filippo Juvarra and a fine Piranesi, Until Feb 26.

Galleria Nazionale d'arte Mod-

erna. Witty conceptual art by one of the best of the middle gen-eration of Italian artists, Ginilo Paolini, born in Genca in 1940.

Palazzo Reale. Avant-garde Russian painting from private collections (1904-1934). A remarkable whibition organised by the Comune of Milan and the Soviet Cultural Foundation, and spon-sored by Pirelli, of works from 19 private collections in Moscow Leningrad and Klev, none of which have ever been seen in the West. Until March 5.

**New York** essum of Modern Art. In advance of its arrival at London's

Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 work of Andy Warhol since 1970 surveys all his work from the 1850s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackle Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

February 17-23

### Washington

National Gallery of Art. Cézanne: the Early Years. Aiready seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 25 draw-ings showing Cézanne's motoin ings showing Cézanne's proto-im-pressionist techniques from 1859 to 1872. Ends April 30.

# National Museum, Treasures

National Museum. Treasures from the Ninnati Temple in Ryoto. This Zen tample was founded in 888, but most of its present buildings date from the 16th century. The temple is a recognised centre for the gentle arts of the tea ceremony and flower arrangement and its treasures include beautiful gilt Budha etamettes. Incongruent and the the statuettes, lacquerware and porcelain from the Heian period. Closed Mondays.

Teien Museum. Paintings by

Leonard Fujita (1886-1968), one of the first Japanese artists to live and work in France and whose arrival in Paris in 1913 coincided with the first flowering of modernism. This representa-tive selection of 40 oil paintings is drawn from all periods of his long career. Closed Wednesday.

### SALEROOM Impressionist success

own - at least in terms of valua - but there seems to be a knock on effect down into the lower divisions and yester-day's auction at Sothehy's of run-of-the-mill Impressionist and modern works of art did well, with a total of £1.5m in the morning session alone, with only 10 per cent unsold.

There were some exceptional prices, not least the £143,000 record paid for "Nature morte," an abstract still life painted in 1943 by Oscar Dominguez which carried a top esti-mate of only £30,000. Another painting to do well was "Nu assis" by Andre Lhote, picked up cheaply in Brussels recently but selling for £60,500, three times its estimate.

Another painting that had

been badly underestimated was "La fenètre de la villa rose," a garden scene by Charles Camoin, which went for £52,800 as against a £15,000 top forecast, while André Masson's "Etude pour homme mar-chant," painted around 1930, also comfortably exceeded its estimate, selling for £50,600. Christie's Impressionists on Tuesday had more problems, totalling £734,020, but with 28 per cent unsold. Top price was the £20,900, way above forecast, paid for a tiny watercolour of a young girl by Marie Laurencin.

Sotheby's auction of early

The finest Impressionist English and continental ceram-pictures are in a class of their ics on Tuesday was a great sucics on Tuesday was a great suc-cess, totalling £672,914, with 7.6 per cent unsold. A feature was the dispersal of a one owner collection of 143 maiolica and faience drug jars, the majority of which are Italian and dating from the 17th century. The jars, which were used to store dry and wet drugs, are elaborately decorated, to catch the eye of shoppers. One, a Montelupo wet drug jar produced in Florence in the late 16th century for the pharmacy of the Convent of San Marco, sold to the London dealer L'Aiglon Fine Art for £14,300, more than

donble its top estimate.

Top price in the auction was the £38,500, from a private buyer, for a Nuremberg parcel gilt mounted tankard of 1730, it commemorates the hicentennial of the Confession of Augsburg and depicts Martin Luther, among others. It was painted by Grebner.

Among the English ceramics a rare Staffordshire Tohy Jug of a rosy sailor, which was expected to sell for around £1,600, realised £18,700 to a private buyer. The dealer Anthony Sampson twice paid \$16,500 - for an "Italianate" jug probably made in Southwark around 1630, and for a Wheilden type figure of a Pug.

a type previously unrecorded. Antony Thorncroft

# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Talex: 8954871 Fax: 01-236 9764/5 Telephone: 01-248 8000

Thursday February 23 1989

# Destruction in the Amazon

THE DESTRUCTION of the Amazonian Forest is being given an unprecedented public airing this week at a meeting organised by Indian groups at Altamira in the heart of the

The plight of the forest brings together all the tangled elements in the conflict between development and conservation and, because of its scale, it has an impact that affects not just Brazil but the rest of mankind. The Amazon Basin constitutes the largest tract of tropical rain forest in the world. Its importance in the wnrld's eco-system may have long been recognised, but only recently has the full seri-ousness of deforestation hegun to be appreciated in such matters as the carbon dioxide balance in the earth's atmosphere.

Deforestation has heen occurring at an accelerating pace through a combination of industrial development (hydro-electricity and projects like the Carajas iron ora scheme), hard wood exploita-tioo, slash-and-burn by land-hungry peasants and land clearance by big ranchers. The forest is disappearing faster than man's ability to compile an inventory of its resources (especially the medical ones). Deforestation creates erosion that destroys nutrient cycles, increases flooding and alters rainfall patterns. It also undermines the environment of the dwindling native Indian population. Beyond all this is the effect on the world's climate of damage to the ozone layer.

### Government dislike

The Brazilian Government understandably dislikes being told bow to manage its own resources, especially when so much of the industrialised countries' wealth has been created at the expense of the envi-ronment. Even today the debate in Europe over acid rain has demonstrated the sensitivlty of governments to external pressure on what have tradidonally been considered sovereign or simply corporate decisions. However, Brasilia has been far too slow in spotting the degree to which the international community believes it, too, has an interest in the development of the Amazon Basin. At the same time the Brazilian response has been too facile, shielding behind a wall of nationalism.

Nothing can be done without the collaboration of the Brazilian Government and this is going to require sensitive diplomacy. International institutions and governments must hegin to take the initiative away from the environmental pressure groups, first by com-piling authoritative information on the destruction of Amaconia and then by action. Until now virtually all the conscious ness-raising has been done by the environmental lobbyists.

### Mainstream politics

This will involve recognition by Western governments that the environment is no longer a fringe issue hnt mainstream politics, something which the British Prime Minister seems to bave taken on board. If developing countries like Bra-zil are going to be helped, they will need both funds and technology which the industrialised natious are best equipped to provide.

Here the matter becomes inextricably linked to Brazil's economic situation and its deb burden. In Brazil - as in other developing countries - environmental protection appears an expensive luxury when measured against the demands for economic growth which are politically and socially far more pressing. The root cause of the destruction of the Amazon is Brazil's poverty, and any international assistance must take this into account.

The industrial countries must recognise two further points. First, there is not merely a moral but a practical need to compensate Brazil gen-erously for the costs it is being asked to incur on behalf of the world as a whole. Debt relief to aid conservation is one sensisuggestion. Secondly, Brazil is a frontier country where the writ of central government is often rendered meaningless hy the impossibility of policing the vast interior. The industrial countries must, therefore, offer the Brazilian Government whatever bely it needs to ensure there are incentives for conservation and policing where they matter — on the

# Boom or bust in Australia

THERE IS no plain sailing for the Australian economy these days. It either skims along, threatening to dismast itself, or it stops dead in the water,

threatening to sink.

The result is that the economy always appears to be on the hrink of calamity. The lat-est problem, caused by overbeating of domestic demand, is as bad a combination as could he imagined: interest rates way above all major competitors, an overvalued currency eroding export gains, a rapidly deepening current account deficit sucking in excessiva import volumes, and inflation at 8 per cent on a rising trend.

### Electoral cycle

But the really destructive element at work in Australia is its three-year electoral cycle, making political considerations over-rule economic common

In the depths of Australia's 1985-86 recession Mr Paul Keating, the Treasurer, gave warning, as the economy went into reverse, that the country was rapidly qualifying as a banana republic. Last week be admitted the economy was expanding much too fast.
The underlying problem

then and now is the same: vol-atile commodity prices which all hnt eliminate any chance of macroeconomic stability. The collapse in worldwide commodity prices in the mid-1980s gave cnuntries like Australia and Malaysia a sudden recessionary shock but also the chance to restructure their economies, widening the economic base to build up industrial production with higher value added.

The danger always was that the restructuring would be undermined by too rapid a recovery in commodity prices, putting strong upward pressure on the currency and infla-tion. That is exactly what has bappened. The value of commodity exports has rebounded too fast, too soon. Some three quarters of Australian exports are still commodities or raw materials and five such items, all now booming - coal, wool, wheat, iron ore and beef account for fully 40 per cent of Australia's total merchandise

The results of the over-rapid recovery bave been entirely predictable and Mr Keating, not for the first time, is caught

between a rock and a hard place. The overheating domes-tic demand implies higher interest rates - they are already at 16 per cent - while the overvalued exchange rate calls for lower interest rates Business, on the other hand, needs both lower interest rates and a more competitive cur-rency before the long-awaited export gains of the last two years are lost.

Mr Keating has pursued lib-eralising policies — with the notable exception of the labour market — and a consistently tight fiscal policy. He is commendably building up budget surpluses to smooth ont the effects of the commodity cycle, but it is impossible to prevent leakage of the gains into the economy, with the destructive effects now evident.

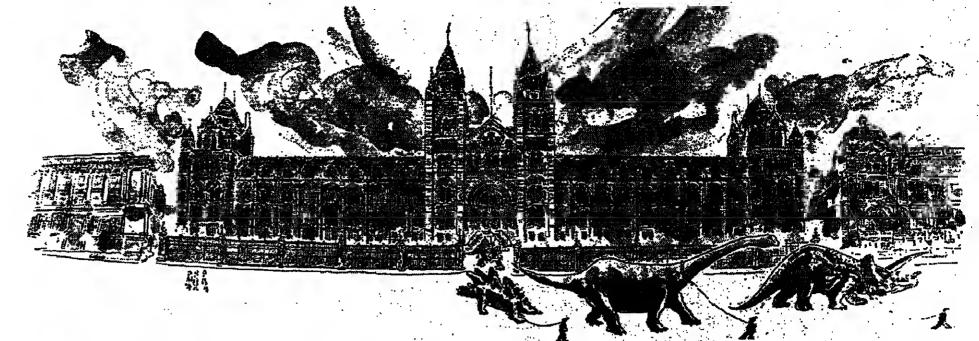
Mr Keating waited too long before wielding the interest rate weapon against domestic demand; when the danger signals appeared early last year he dallied. But interest rates are nowstarting to bite and the gravity of the economic diffi-culties is belatedly farcing speculators out of the cur-rency. Mr Keating should be able to sit tight and wait, with occasional prayer, for his tight fiscal and monetary policies to work through, especially as commodity prices are also likely to ease later this year. But as usual there is no time.

### Promised tax cuts

Cuts in personal taxes, the very stimulant the domestic economy does not need just now, are promised for June as part of the Government's pact with the labour unions to restrain strikes and wage demands. However, Mr Keating may be unable even to contemplate facing down the unions because, yet again, it is preelection time in Australia. Tax cuts are thought to win votes (and cancellation of promised tax cuts certainly loses votes). Mr Bob Hawke's Labor Government was elected in 1983, 1984 and again in 1987. There must be another election before April 1990 and the likeliest date is this autumn.

Australians not keen on bananas should refuse to endorse any party which does not bave lengthsning of the electoral timetable to four years at the top of its mani-festo.

# Antony Thorncroft on the row at London's Victoria and Albert Museum



# Culture clash in Kensington

he Victoria and Albert Museum was awash with visitors last week, more than 30,000 of them, a third more than a year ago. Could it be that Museum Year is off to an excellent start; or was it the new exhibition, Photography Now, pulling them in; or were they mainly voyeurs, intrigued by the row between the director of the museum, Mrs Elizabeth Esteve-Coll, and some of her leading curators, a row which has propelled the V&A into the headlines?

Certainly reports snggested a tempting spectacle: a philistine direc-tor attempting to turn into an offshoot of Disneyland one of the nation's great museums, which, with its Sonth Kensington neighbours, the Science Museum and the Natural History Museum, forms the greatest museum complex in Europe. The real-

ity is more mundane.

Mrs Esteve-Coll is belatedly trying to pull the V&A into the modern museum world, a world dominated by the market place. Her fellow directors at the leading national museums have, in the main, pushed through their internal revolutions, not least Mr Neil Cussons, who took over at the Science Museum almost three years ago, and Dr Neil Chalmers, who succeeded to the Natural History Museum last November.

Both museums now operate admission charges (which are still voluntary at the V&A). They are seeking more cash from business, They have reorganised their internal management, slightly trimmed their staff, and spotted and pursued profit centres in their operations, like shops and restaurants. There is little difference in their approach to that of independent museums, despite the fact that the Government will this year contribute £21m to the Natural History Museum and £17.6m to the Science Museum. The V&A is still screwing up its courage to go commercial.

The problem for Mrs Esteve-Coll is her staff, not so much the attendants, who are generally on her side, but the curators (keepers) of the collections, The V&A is not short of staff their wages absorb 83 per cent of the £12.9m that the museum is getting

grant of £21.5m. This is a frighteningly high slice. The comparable figure for the Science

from the Government this year to

cover its running costs out of a total

Museum is 67 per cent and at the NHM just 54 per cent. With the wage bill set to rise faster than the planned increase in annual government fund-ing, Mrs Esteve Coll saw the museum

diving into the red by 1991. Hence the need for urgent action. But the staff at the V&A are not only expensive. They are also opinionated, eloquent and jealous of their reputation and their rights. The V&A employs soms of the leading scholars in the country in such fields as Indian and Far Eastern antiquities, sculpture, textiles and costumes, ceramics and prints. Many of the curating staff were educated at the Courtauld Instituta which, through its academic excellence, had traditionally exercised a stranglehold on most of the senior posts in the museum world. But now a new breed of entrepreneurial manager has taken the top job. Mrs Esteve-Coll, a librarian by background, established her reputation at the V&A by modernising the library, not an intellectual background to impress her more academic keepers.

The keepers had gainved consider. The keepers had enjoyed considerable freedom under the rule of the previous director, Sir Roy Strong.

When he attempted to ease the museum's financial problems by introducing voluntary admission charges in 1985 the staff mounted pickets ontside the building. The ensuing hostility helped to persuade him to retire certain.

him to retire early.

Mrs Esteve-Coll took over two years ago and inherited a minefield. The V&A had not been administratively reorganised for more than 80 years and its system of having keepers responsible for every aspect of their departments, from display to research, was out of step with modern museum management. "It is ridiculous to have people with three degrees walking around the museum with baskets of ceramics and the like," says Mrs Esteve-Coll, justifying her new structure which effectively sepawith the collections.

Early in 1988 she embarked on a series of consultations which precipitated the crisis. By going for the maximum involvement of the staff she found herself ploughing through a forest of conflicting recommendations and ideas. In the end the Treasury forced her hand. If she could find a quick solution there would be an extra £300,000 in cash to pay for any

necessary redundancies. With the encouragement of the new chairman necessary recumulances. While sencouragement of the new chairman of the Trustees, Lord Armstrong, the former Cabinet secretary, four keepers and five other leading scholars were offered generous redundancy terms. If they accepted within days they got the money: if not — the timeat was left dangling, Eight have accepted and the crisis is temporarily defined.

The whole exercise was messy and precipitate. To the amazement of Mrs Esteve-Coll it led to an unseemly row. with many leading figures in the art world rallying round the sacked staff. At heart this is a historic conflict of riews about the role of a museum. For many curators it is a shrine to scholarship, where knowledge can be fashioned while an educated public, who can appreciate the objects, is spiritually refreshed. For Mrs Esteve-Coll a museum is a challenge to a wider, less educated, audience, who should be tempted in and then helped

to enjoy more by down to earth label-ling and imaginative displays.

"We must make our collections-more accessible to people who have not had a higher education and who do not have much knowledge of the classics or the Bible. So our new Chi-nese gallery will have an inter-active relationship with the visitor. We know from research that most people can only take in two or three ideas so rather than have a mass of objects we will concentrate on a few major themes, say death or eating, and show objects related to these activities."

The museum began life with a practical purpose, to improve design stan-dards for British manufacturers in the heyday of the industrial revolution. Its correct name is the "National Museum of Art and Design." The expansion into pictures and the decorative arts largely came about' through unexpected bequests.

The Trustees of the V & A are now

well stacked with businessmen, some with a design background (Sir Terence Conran of the Storehouse group) some more commercially minded (Sir Nevil Macready of Mobil; Sir Clifford Chetwood of Wimpey). The links with the business world are intended to improve the administration of tha museum and to provide it with contacts who can put the squeeze on for

cated they will be expected to pay, as will government departments if they need a V&A expert to give a valuation

need a V&A expert to give a valuation on a tax exempt antique.

In the antumn, when the Trustees once again discuss admission charges, it is probable that the V&A will fall into line with its neighbours by imposing a fixed admission charge. This should ease its financial problems. Voluntary charges will bring in £670,000 this year, but this is half the target at the Science Museum, and small beer compared with the £1.7m the NHM will take in admissions revenue this year. The obvious next step. nue this year. The obvious next step is one ticket which gives access to all

three museums.

A commitment to an admission charge will depend on Mrs. Esteve Coll's willingness to face another row. She was caught off guard by the recent fracas, making herself hoarse with laryngitis trying to defend not so much her decision as her method. It was as if the powers at the V&A wanted to show where authority lay, to kill off the myth that keepers were set up for life.

It is all-so very different across Exhibition Road. At the NFM, Dr Chalmers has inherited a post-revolu-Chainers has inherited a post-revolu-tionary situation. It was his predeces-sor. Dr. Ron Hedley who, faced with the choice of closing down depart-ments and shedding 75 research staff or imposing admission charges, went-for the second option. There was the predicted initial 49 per cent fall in admissions. But now revenue is above tarset and is being used to amarten target and is being used to amort up the museum; out with the class cages of stuffed birds, in with push-button displays on ecology.

Along with this there has been a drive for apottorable of Shell has rivested £250,000 in whew educational

block; the dinosaur-hall-is let out for parties, which brings in £500,000 a year, and there have been improvements in the shop, the restaurant and planned. Already the NHM contributes 25 per cent to its running costs through its own efforts.

This pursuit of commercialism is not enough for Dr Chalmers. He is about to launch a Development Trust, aimed mainly at business, with the ambition of raising £5m in five years. additional money.

In the future, the V&A intends to
sell its expertise harder. When the

hers - around 1.5m a year as against the 2.5m before charges - will be boosted by exhibitions: one on Chi-

boosted by exhibitions: one on Chinese dinosaurs has just ended; another, of moving dinosaur models from the US, opens soon. The appetite for dinosaurs is unquenchable.

Down Exhibition Road, the Science Museum is already well into the new age. The first things you see on entering are models of the new Flat. The car company has invested £Im in the museum's current exhibition of Italian decism and expects a little display tian design, and expects a little display space in return. The staff have cast aside their prison warder serge and wear bright new uniforms; the lightwear bright new uniforms; the igning has been revamped by John Reed from the National Theatre and the shop modernised by leading retailing expert Peter Leonard, with an immediate 25 per cent increase in turnover. Plans are underway for new galleries on information technology, aviation and computer sciences, with business travested to pay Current self-gener. targeted to pay. Current self-generated income of £2.2m is expected to double in four years.
"We wanted to change the tradi-

tional image of the museum," says Neil Cussons, whose vision is a world away from that of the keepers of the V&A. "Wa commissioned research which showed people thought of the Science Museum as gloomy, dull and dirty. If we don't renew ourselves, displays become dreary and the collec-tions poorly kept. The pressure comes from the public: museum visits have doubled nationally in the last 20 years to 78m. I welcome the greater autonomy which has inspired a new confi-dence among museum directors."

Of course the revitalisation of

South Kensington has been achieved at a startling price: a dramatic fall in the number of people visiting the museums. The Science Museum has not escaped the trend and there have been over 40 per cent fewer visitors since last October. It will take four years to make good the loss, and the But anyone offended by the throwing open of the museums to the market place, and aghast at the thought of paying to see national collections made up of bequests given in the belief of free access, may be surprised and reassured when they do venture back. There could well be some loss in back room scholarship, hut the gains in accessibility, presentation and gen-eral élan will be considerable.

### The killing of Dirty Den

■ Soap addicts all over Britain will be on the edge of their seats tonight as Thursday's edition of EastEnders begins. The life of Dirty Den, the philandering ex-publican who dominates the BBC's drama of everyday alcoholics, drug addicts and petty criminals,

hangs by a string.

Dennis, played hy Leslie
Grantham, is due to depart
from the series, and an episode has already been filmed in which he is shot by a thug after being released from prison.

The problem is that details

of the plot were leaked to the press by the disgruntled actor who was due to do the dirty deed, but who was replaced at the last minute by a younger hired gun. The rumour is that an alternative ending has now been filmed, in which Den comes to a sticky end in some other way. Observer has been in touch

with the youthful assassin and has him secreted in a safe bouse in the north-west where he awaits the BBC's decision on Den's demise, which will be aired tonight.

There are several options. Brian Tilsley, Coronation Street's coiffured garage mechanic, left the series when he was knifed outside a disco earlier this week; so stabbing is probably ont. Car crashes are passe: deadly illnesses lack the dramatic element which EastEnders has always pro-vided, on and off the screen. Perhaps Grantham will choke on a monthful of jellied eels. No one is telling.

### New NatWest

■ NatWest may be the 13th largest bank in the world, with \$181bn of assets and almost 4,000 branches, bot in America it wants to be seen as a hometown regional bank for the New York suburbs. This low-key policy is meeting unex-

# OBSERVER

pected success. Announcing his decision to sell the 35 branch First National Bank branch First National Bank of Central Jersey to NatWest for \$232m yesterday, Paul Mallon, the chairman, flattered his new multinational parent with faint praise. "I may be parochial," he said, admitting that his bank only operated in five of New Jersey's 18 counties, "but I believe that Nat-West is one of the best banks in New Jersey."

### Black fury

■ Which leading newspaper proprietor recently called another "buffoonish and demagogic"? The answer is Conrad Black — chairman of the Sun-day and Daily Telegraph on Robert Maxwell

The two of them have been singging it out in the pages of Canada's Financial Post, Black, who is Canadian-born, takes himself very seriously as a constitutional historian and has a column in the paper, to whose board he belongs. In the last few weeks he has used it to warn Quebec of the dangers of going too far in the pursuit of the paramountcy of the French language. The articles have been balanced: certainly not anti-Quebecois. Then in stepped Maxwell,

who made a speech in Quebec on February 6, deploring the Black position and presenting himself as a "substantial inves-tor in Quebec" and friend of Robert Bourassa, the Premier. Black responded by accusing Maxwell of giving a "scandal ous and grotesque misrepre-sentation" of his views.

"It has been my policy as a British national newspaper proprietor," Black wrote, "never to encourage or even tolerate ungenerous reflections on my fellow newspaper chairmen . . . but I would be remiss if I allowed to pass



"No, you move out of

without comment your buffoonish and demagogic inser-tion of yourself, at my expense into what is a serious question of public policy."

Maxwell has replied that he is sorry Black is in "such

dudgeon," but hopes that "peo-ple like you and me, prominent in public life" can continue to debate trenchantly in public "while remaining perfectly good friends and colleagues in business." Since Maxwell has repeated his allegations that Black is encouraging the English-speaking population to leave Quebec, that may be wishful thinking. Black says that Maxwell only invested in Quebec in the first place after taking his advice.

### Patronage

■ Perhaps nowhere does political patronage work quite as fast as in Italy. The election of Arnaldo Forlani as the Christian Democrat Party's secretary in succession to Ciriaco De Mita has already triggered speculation about imminent changes in key positions in the Rai, the state radio and television service, Tri, Italy's giant industrial holding com-pany, and some banks. Romano Prodi, the Iri chair-

man, is in any case due to leave in October, but Forlani's arrival is seen as a sign that the succession will go to Franco Piga, chairman of the Consob, the stock exchange regulatory agency. The changes in broadcasting could happen more quickly:

In the banks, Piero Barucci's present position as chairman of the Italian bankers' association should keep him at the top of Monte dei Paschi di Siena for the time being, but another De Mita friend, Gianni Zandano, the president of San Paolo di Torino whose terin officially expired some time ago, may now be contemplat-ing his future.

Absent Young ■ Lord Young of Graffham, the Trade and Industry Secretary, has upset Tory back-bench peers as well as the Opposition benches in the Lords by his prolonged absences from the government front bench during debates on the Companies Bill.

Young has chosen to delegate the task of replying to the detailed and often complex issues raised during the com-mittee stage of the bill to junior government spokesmen. The occasions on which they have found it necessary to promise to write to peers to explain points they have not been able to deal with at the Despatch Box have been so numerous that one Labour peer suggests that the bill will be the first measure to reach the statute book as a result of a correspondence course.

### Comforting.

Heard from an American lady in Fleet Street yesterday: "The City is my favourite part of London - so many churches to go into when it rains."



# PRACTITIONERS

The Insolvency Practitioners Association is pleased to announce the results of its November 1988 Examinations:

The L.F. McCulloch Memorial Prize for the Best Overall Performance and the Poppleton & Appleby Prize for Liquidations: A.S.M. ROBERTSON (Arthur Young, Cambridge).

The Samwell Prize for the Best Receivership Paper: N.G. KILBORN (Grant Thornton, Liverpool).

The Ian Highley Bankruptcy Prize: I.J. ALLAN (Grant Thornton, London).

The following successful candidates have completed all the examinations and now become eligible for membership of the Association:

I.J. ALLAN (Grant Thornton) C. LAUGHTON (Spicer & Oppenheim) A.M. SANDERS (Grant Thornton) J.B. CARTER (Grant Thornton) J.A.G. DALTON (Grant Thornton) M.E. BANFIELD (Grant Thornton) J.D. NEWELL (Arthur Andersen & Co.) L. ROSS (Grant Thornton) C.F. SMETHURST (Arthur Young) M.D. WHITE (Grant Thornton) R.J.T. GROVES (Grant Thornton) P.P. MULLIS (Grant Thornton).

he UK's net public sector debt amounted at the end of March 1988 to £171,000bn or 38.6 per cent of gross domestic product. The Public Sector Debt Repayment for 1989-90 has been estimated by the Institute for Fiscal Studies and Goldman Sachs at £17bn on the assumption that Budget changes are limited to the indexation of personal allowances and the revalorisation of spe-

Why not then pay off the National-Debt, a notion being seculously ped-alled from 10 Downing St? Indeed, on superficial arithmetic, it could be paid off in less than 10 years. For the £17bn per annum now paid by the public sector in debt interest would itself

sector in dept interest would lised decline rapidly, making for higher surpluses and still faster repayments. The summary answer for the busy executive is that paying off the National Debt is an absurd objective of policy based on a confusion between the public sector and a pretty crude form of personal finance.

I say pretty crude, because as one colleague commented: "It suggests that I should sell my house, use the proceeds to pay off the mortgage and buy a tiny dwelling in which I would live in squalor, just to say that I am not in debt."

The advocates of repaying the National Debt commit a very similar fallacy. For they forget that the public exceeded liabilities to provide a net worth of £220bn. It has always been accepted that there was a difference between pure deadweight debt incurred to finance a war or a spend-ing spree and debts which are offset by assets of definite value and are normally turned over rather than

repaid.

The main public finance gain from repaying the National Debt would be a very simple one, namely the elimi-nation of the £17bn of annual interest payments already mentioned, which is equivalent to roughly 10 pence off the basic rate of income tax.

But it is surely irrational to pay higher taxes than we need for the next 10 years in the hope of a sudden drop of 10p after a decade. The rational citizen would anticipate events by bringing forward his or her consumption on the basis of the anticipated to compare the consumption of the second property for the second property tax cuts. So the effects of super large Budget surpluses on public sector savings would be partially or com-pletely cancelled out by still lower or

even negative personal sayings.
Abrupt changes in tax rates without pressing economic reasons are in any case distortions to be avoided. Instead of waiting for a sudden lop tax cut after a decade it would surely be better to have gradual remissions huilding up in the intervening years. One possible picture would be that of a National Debt to GDP ratio which is gradually getting smaller, but never reaches zero. Indeed, this is exactly what has happened.

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AND LODGE TRANS

In absolute cash terms the National Debt has never fallen significantly. Any repayments from Sinking Funds in Victorian times were too slight to make much impact. Nevertheless the growing prosperity of the 19th cen-tury allowed the ratio of National.

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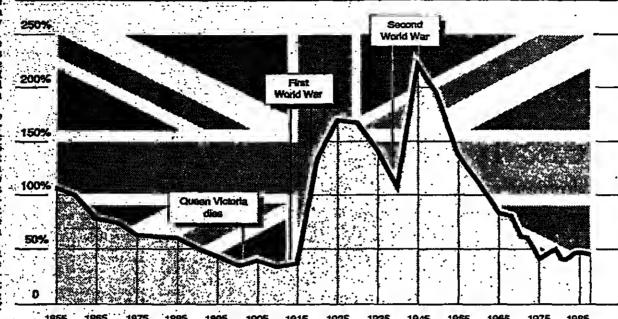
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ECONOMIC VIEWPOINT

# Don't pretend to repay that Debt

By Samuel Brittan

Ratio of UK National Debt to GDP



Source: Economic Trends, July 1982/ Bank of England Bulletins

Debt to GDP to fall from about 100 per cent in 1855 to below 50 per cent on the eye of the First World War. It rose the eve of the First World War. It rose rapidly again during the two world wars, but fell very sharply after 1945, mainly due to the effects of inflation in wiping out the holdings of those who had been misguided enough to keep their savings in gilts or other fixed interest forms.

But from about the time of the stabilisation package arranged with the International Monetary Fund by the Labour Government in 1976 and on

Labour Government in 1976 and on into the Thatcher Government from 1979 onwards, the public sector debt ratio stopped falling and even rose slightly at times. It was only with the low borrowing and eventual Budget es experienced since 1986 that the debt ratio has started to fall

Strictly speaking there does not have to be a Budget surplus or even balance for the public sector debt ratio to decline. It could do so at zero

balance leaves a margin to spare.

Everything said so far takes the National Debt repayment idea with a seriousness it does not deserve. The truly rational reaction of a citizen on hearing the announcement of a series of surpluses designed to repay the National Debt would be not to anticipate tay cuts a decade later, but to pate tax cuts a decade later, but to anticipate higher public expenditure long before. Already, one only has to tune in by chance to a broadcast discussion on any worthy subject - whether education, health or the environment - to hear someone saying: "There is no excuse for the Govern-ment not spending more now that its coffers are so full." The only surprise is that these arguments have been so long in getting off the ground. There is another important point

which may appear presentational There has been a new fashion in Bud-get principles almost every other year. Originally, government borrow-

ment of anything below 1 per cent of ing was to be held down to reduce the GDP. The simpler target of a Budget load on interest rates and monetary policy. Then we had a policy of runpolicy. Then we had a policy of running a small deficit to stabilise the public sector debt ratio. This was followed by the policy of balancing the Budget over the cycle as a whole. It would strain credulity too much to change to yet another principle of running a permanent surplus to repay the National Debt.

Let us, nevertheless, suppose that the Chancellor does not feel able to remit taxes enough to prevent his sur-plus from rising. It would be simpler and more accurate for him to say that until he is sure that inflation is on the turn, he cannot afford to take any risks with demand; and he has therefore to postpone the move from surplus to balance.

If he wanted to use some economic

code words he could talk ahout "model uncertainty" and "announcement effects." The truth, however, is that the habit of purdah, which has prevented the Chancellor from

explaining to the public that a neutral Budget requires tax remissions, is likely to cost the taxpayer a good £2bn in the next financial year.

o far I have taken at its face value the argument that pro-spective surpluses would allow the Government to repay the National

Debt in 10 years or less.

But a closer examination of the composition of the Public Sector Debt Repayment casts grave doubt on the prospect. An examination by Chris Dillow of the Swiss Bank Corporation's former UK Economics Department manages to reduce the underlying repayment hy over £15hn per annum. The deductions are of very different kinds. The £7hn for asset sales, including council house sales as well as privatication, seems fair enough. For revenue from such sources basically substitutes one form of financing for another and only shows up as debt reduction because of accounting conventions. Dillow also estimates that the surplus is swollen by 24bn per annum by temporary cyclical forces.
Other deductions are more debat

able. The expected £1.5bn repayment from public corporations is a partly pre-privatisation phenomenon which will not continue indefinitely. Nor will government oil revenues, still running at nearly 23bn a year continue at that level.

On the other hand, there are always

going to be some windfalls on non-recurring items in the Government's or any other organisation's cash flow. Moreover, if one is trying to make full corrections, one would also have to deal with distortions the other way. There is the use of revenue for asset accumulation already mentioned despite the problems of deciding in what sense schools and hospitals are income generating. There are other favourable corrections, much loved by some economists, to take account of the fall in the real value of government deht, even during periods of moderate inflation.

The attempt to work out a single "true" public sector balance is probably futile. If I were the Chancellor I would dwell quite heavily on the non-recurring aspects of some revenue items to knock on the head the belief that there exists a vast reserve available to finance public spending. I would also send proposals to the Treasury Committee for a common-sense and unambitious improvement in the public sector accounts by deducting just asset sales - without attempting to be too comprehensive or too con-sistent. In addition I would also make "memorandum estimate" of the business cycle element in the surplus without attempting the hazardous joh of constructing a full cyclically corrected Budget halance.

Some people argue for a long-run public sector surplus to add to the national savings ratio. In my view the idea is inherently objectionable and is in any case unlikely to work. But the issue should be discussed on its merits, and not muddled by spurious talk about paying off the National Debt.

# **BOOK REVIEW**

# A most humble public servant

ord Plowden is "the Great and the Good" made flesh. The phrase refers to Britain's collection of personages, some able and some merely distinguished, who can be relied upon to perform a public service with enthusiasm and honesty. Revo-lutionary Thatcherites tend to sneer at such people, as do those on the far Left who hope to turn the world over. The rest of us can take "the Great and the Good" at face value, as referring to some of the finest, although not always the most far-seeing, persons of influence

the country has produced.
Having served as Chief Executive at the Ministry of Aircraft Production during the Second World War, Lord Plowden became the theory den became the then Labour Government's Chief Planning Officer in 1947. He stayed on at R.A. Butler's request when the Conservatives took office in 1951. Three years later he became the first chairman of the Atomic Energy Authority. He took over at Tube Invest-ments in 1960, hut continued to do his bit for the rest of us by serving on a wide variety of Government committees.

These recollections, which mostly cover the years 1947-51, are a pleasure to read. The style is a mixture of two admirable traits: the restrained, economical, prose of a well-trained Treasury man and the gentle humour of a Plowden. He writes of Lahour's post-war Chancellor, Stafford Cripps, as a lawyer par excellence. "He would show the most remarkable mastery of facts and clarity of exposition even when he might not actually fully under-

stand a subject." It also happens that Edwin Plowden was present at a number of important moments in those formative years. It was he who set sail with an ailing Cripps and an ill Foreign Secretary Ernest Bevin on the Manretania on August 29, 1949. Their mission was to tell the Americans that sterling would be devalued, and to negotiate support in return. The then rate was \$4.03 to the pound. In Washington, where the British delegation finally got down to details, the internal debate ranged between \$2.80 and \$3.20. Lord Plowden and other offi-cials wanted the lowest figure. "Bevin turned to me and

AN INDUSTRIALIST IN THE TREASURY By Edwin Plowden

asked: What effect will a rate of \$2.80 have on the price of a standard loaf of bread?' Anticipating such a question, I had called to London for this information. I was able to give him an immediate reply and he nodded."

The following year the Gov-ernment faced an ultimatum from the French. Join the talks on what became the European Coal and Steel Community or be left out while six continen-tal countries went ahead. Young Plowden and his colleagues tracked down Herbert Morrison, who was acting morrison, who was acting Prime Minister at the time, to the Ivy Restaurant. They all retreated to a passage/store-room at the back. After a pause for thought, Morrison said "It's no good. We can't do it: the Durham miners wouldn't like it." Britain thereupon left western Europe to Franco-German management for another two decades.

Again, when Lord Plowden left the Treasury to chair the Atomic Energy Authority he was asked by Churchill, then back in Downing Street, what it would cost to make a hydrogen bomh. He reported the price to the Prime Minister, who replied: "We must do it. It is the price we must pay to sit at the top table."

It is plain that Britain's post-war cabinets, whether Tory or Labour, were the ser-vants of events; nor was the Treasury any more their mas-ter. Lord Plowden excuses the collective failure to see Europe as his good friend Jean Monnet saw it - as a hurgeoning independent federation - hy point-ing out that the British people were not ready to abandon either the Commonwealth or the special relationship with the US. "At any time, it is all too easy to look back at our earlier selves and to criticise them for their lack of vision of the future and their preoccupa-tion with the past," he writes.

Yes, hut why does one get the feeling that on the hig issues (like the EC), little has

Joe Rogaly

# 'We can wait no longer'

wait no longer

industrialist will breach.

propre. Negotiation we would like, but action we need. Unfor-

tunately the costs of delay now dwarf the costs of conflict.

them there would have been no real incentive to invest; it

would have exported direct from "home bese." The local content requirement is then

imposed for two reasons: to blunt the competitive edge of

the new firm and to redistrib-ute some of the gains these firms realise by being located in a sheltered market. As with most protectionist measures,

producers gain and consumers pay the price.

The prospect of a "Fortress Europe" has increased its attraction as a location for

sarily to gain a presence in the

single European market per se, but to circumvent possible

restraints on access to that

Seen thus, current discus-

sions on local content can be

interpreted as a debate about

the appropriate entry price.

The University of Nottingham, University Park,

D. Greenaway,
Department of Economics,

David Davis, House of Commons, SW1

From Mr David Davis MP. Sir, You rightly pointed out in your editortal "Opening up the docks" (February 16), that the case for abolition of the National Dock Lahour Scheme is overwhelming. In making the judgment that the abolition of the scheme could be negoti-ated, no doubt you reflect the hopes (if not the expectations) of most reasonable people.

Certainly, those of us on the Government backbenches in the House of Commons who have made the running in the have made the running in the campaign to get the scheme abolished have sought a negotiated solution if at all possible. In my own Ten Minute Rule Bill this negotiated option was proposed — to the unyielding opposition of Labour MPs spongared but the Theoremst and sored by the Transport and General Workers Union (TGWU); in my paper "Clear the Decks" it was mentioned and ignored; at the Centre for Policy Studies conference on the scheme, my recommenda-tion of a negotiated solution was spurned by the dockers' leader, John Connelly, and his colleagues.

Unfortunately, members of the registered dock workers section of the TGWU seem determined to make martyrs of themselves in defence of this

From Professor D. Greenaway.

Sir, William Dawkins'e "Some original ideas on the

limits to free trade" (February 10) identifies the proximate causes of a growing interest in

local content rules as: trade

frictions with Japan; the grow-

electronics; and a desire on the part of Japanese companies to be located near the market.

hinted at elsewhere in the

In recent years some Euro-

pean governments have used

devices like voluntary export restraints and anti-dumping

action to slow the growth of

imports of consumer electronics and motor vehicles (from Japan in particular). Some

companies concerned have

reacted hy setting up plants

behind the restraints. Nissan is

a good example. Can we really helieve it

would have located here in the

absence of quantitative restric-

tions of various forms in the

UK. France and Italy? Without

article: protectionism.

The real driving force is

ing complexity of consumer

Good reason for going local

# Rights to 'rights'

From Mr Stephen Hester. Sir, The letter from Mr Sandiand (February 20) in support of pre-emptive rights and the small shareholder seems to exhausted the options, and can Each day that passes sees another decision to locate a factory in order to exploit the single European market after miss some critical points. It is uncontroversial to

assert that companies should 1992. Yesterday, Nissan; today, attempt to raise new capital on Toyota; tomorrow -- who the least costly manner. Cost can indeed be measured by the resultant value of the share-The fact of the matter is that many of the scheme ports are in ideal locations to exploit and holders' investment in the company. But it is not true that selling new shares outside serve the European market hut will not do so as long as the scheme creates a corden the rights system at a discount necessarily transfers wealth from existing shareholders, as compared to shares being sold, sanitaire which no sensible usually at larger discounts, via the rights system. Shareholders' return on

in my view, there are 50,000 to 100,000 jobs to be had as a result of this, by abolition of the scheme. But the investinvestment is measured by the combination of income received and the capital gain implicit in a rising share price. The net proceeds available to shareholders from selling their "rights" in the market almost ment decisions are being made now. By 1992 the investments will all be "sunk costs," and will not easily be moved (cer-tainly not if they are in Spain or Haly rather than Yorkshire and Humberside).
So while we would all love to see a negotiated outcome to this problem, we can no longer wait on the TGWU's amour never equals the theoretical value arising from the discount

offered. Furthermore, share prices after a rights issue are often depressed - more supply, no more demand - and certainly no long-term credit accrues to the company from shareholders' receiving "extra value" by way of the rights. A smaller discount offered to new investors which avoids market depression may often increase the value of existing shareholders' investment, particularly from the perspective of tha small shareholder with higher costs and no income to derive

from the sub-underwriting car-

defending pre-emptive rights encourages individual share ownership seems particularly questionable. Pre-emptive rights concentrate new share ownership in the hands of existing institutional shareholders - the small holder is the investor least likely to have further disposable income to invest at the time of a rights

It is no coincidence that countries like the US, with broader share ownership, have an efficient retail brokerage system that survives from pro-moting and maintaining this hroader ownership. Retail share ownership is best pro-moted around corporate events shares. The experience of UK privatisation issues further demonstrates this point. The connection between US

UK privatisation issues is an absence of pre-emptive rights which inhibit the flow of stock and commissions that in turn sustain retail brokerage.
Few people dispute the ulti-mate rights of shareholders to influence the capital structure of companies. It is apparent, of companies it is apparent, however, that a restrictive application of pre-emptive rights may actually defeat the objective of defending value – most particularly for the small shareholder.

share brokerage successes and

Credit Suisse First Boston, 2n Great Titchfield Street, WI

Stephen Hester

Second, the helief that Anthority, Plessey will also update the sub-centre for en route and Previous-generation displays mid-1970s. area control in the region. system will use the latest

Plessey won the order newly developed 20-inch raster and warn controllers.

Part of a £600 million against strong domestic and investment programme, the international competition.

The system will take data to meet forecast increases in air display and processing tech- from eight radars providing traffic into the next century. nology. It will be known as cover from the Midlands to NODE (National air traffic the Scottish border, process it ties are possible in the future, services Operational Display and present the information such as the ability to detect

needed semi-darkened rooms. A key feature will be the

ADVERTISEMENT.

PIESSEY HOTHINE \*\* PIESSEY

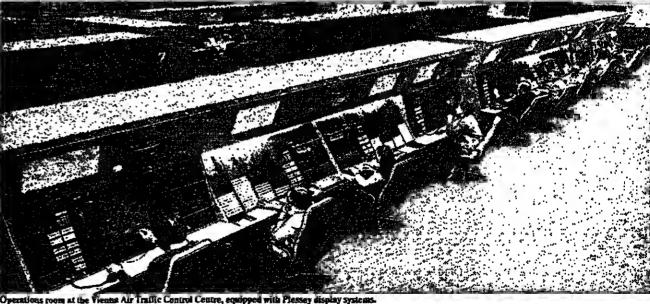
ahility of the system to expand Even more advanced facili-

to air traffic controllers on conflicts between flight paths

Aircraft approach control facilities at Manchester Airport are to be scan displays which can be The new system will replace apdated by Plessey under a contract awarded by the Civil Aviation viewed in high amhient light. one supplied by Plessey in the

Manchester will also be the first airport to receive a Plessey Watchman air traffic control radar supplied as part of the CAA's airport radar replace-

ment programme. Plessey is a world leader in sensors and systems for air traffic control and the supply of complete airfield systems.



# MONITORING SYSTEM

Helicopters.

The system also gathers and processes data from critical operator, has already placed an components such as engines, transmission and rotors.

A new monitoring system to HUMS provides a fully inte-

On-board displays monitor critical components and the jointly by Plessey and Bristow information is stored nn a ruggedised disc in the flight The Health and Usage recorder. The same box also Monitoring System (HUMS) records, separately, the flight

Bristow Helicopters, the systems that monitor equip- Delivery and installation will

### EH101 helicopter development successfully evaluated world- Australian and UK Ministries

System has been selected by

with the new Global Position

to be used on its own or inte- early next year.

aircraft.

The satellite navigation receiver developed by Plessey for use grated with other navigation sensors. The system is accurate to

within 16 metres in all three Westlands for the Royal Navy dimensions and also gives hearing and velocity.

Plessey has also received The receiver has been orders for the receiver from the wide in ships, submarines and of Defence.

Another order for GPS Although extremely small equipment has come from ITT and light, it offers full military Avionics - a significant mileperformance and a high navi- stone in moves to grant ITT gation update rate, enabling it a full manufacturing licence



**SATELLITE NAVIGATION ORDER** 

From Mr Tudor Richards. Sir, Recently a young Ger-man engineering student, just beginning work on the sandwich component of his degree,

1992 action strategy

His employer, the director of an innovation service firm (a firm specialising in transfer-ring technical services between companies), had sent him immediately on a three-week immersion course in business English. He had also been given a practical project a list of 100 UK-based business leads to contact. (This even before he began work in his employer's

German offices.) This anecdote seems to me to capture the effort and initiative required of organisations striving to take advantage of the changes in the European

Community as we approach 1992's single market. It is imperative that UK businessmen match such efforts.

But it will be dangerous complacency to assume that we shall only need English to succeed in international marketing. This may well prove necessary, hut not sufficient. We shall also have to do business in the language of each local market. I echo calls for firms to set

up action groups to study their 1992 strategy? An important agenda item for such groups is to establish a strategy for recruiting and developing peo-ple to communicate in the language of their key markets. Tudor Rickards, Monchester Business School, University of Manchester,

# NEW HELICOPTER

improve helicopter safety and grated capability. reduce operating and maintenance costs is to be developed

The Health and Usage satisfies the requirements of data. At the end of every flight impending mandatory legisla- the pilot replaces the disc and tion to fit accident data the information can then be recorders to all helicopters analysed by the maintainers. above 2,700kg in weight.

ment and record flight data, begin in 1990.

world's leading civil helicopter initial order for 40 systems for their Aerospatiale Super Puma While there are other and Sikorsky \$61 aircraft.

# **FINANCIAL TIMES**

Thursday February 23 1989

**Balfour Beatty** for Refurbishment 0932-231055

# Khomeini uses Rushdie affair to denounce liberals

AYATOLLAH Ruhollah Khomeini, Iran's 86-year-old spiritual leader, yesterday seized on the Rushdie affair to denounce liberals in the his regime who have tried to soften the country's hardline Islamic image, writes Victor Mallet in London.

"As long as I am alive I will not let the Government fall to the liberals," be said io a speech which could have far-reaching effects on Iran's domestic and foreign policies. "I will cut off the infinence of American and Soviet ageots in all fields."

Ayatollah Khomeini's emotional condemnatioo of Iranian moderates, reported by Tehran Radio, is likely to discourage those who have tried in

national relations and liberalise inter-nal politics.

Last week the Ayatollah told Mos-lems to kill Mr Salman Rushdie, the

Indian-born British novelist, for his book The Satanic Verses. His repeated death threats provoked outrage in the West and diplomatic sanctions from the European Community.
In his declaration yesterday, Ayatol-

lah Khomeini said the dispute over Mr Rushdie had shown Iran the errors of a "naive foreign policy".
"The world of arrogance and barba-

rism unveiled its true face of chronic emnity against Islam in the Rushdle affair." be said. "We should not for the impression that the Islamic Republic of Iran is deviating from its principled

Several Iranian leaders have this year - 10 years after the overthrow of the Sbah - been advocating a more open attitude to the outside world as the country tries to rebuild its economy following the Gulf war against Iraq. Among them are Hojatoleslam Ali Akbar Hashemi Rafsanjani, the powerful Speaker of Parliament and military commander-in-chief, and Ayatollah Hussein Ali Montazeri, Ayatollah Kho-meini's designated successor.

tran remained defiant yesterday in the face of increasing hostility from the West. President Ali Khamenei, speak-ing in Belgrade at the end of a three-

day official visit to Yugoslavia, reaf-firmed the death threat against Mr

He said an arrow of retribution had been fired at Mr Rushdie. When asked to clarify the remark, an Iranian inter-preter said that President Khamenei had said in Farsi: "An arrow is travelling towards the heart of the blasphe-mous bastard Rushdie. He must be

A petrol bomb was thrown yesterday at the mosque in Regent's Park, Lon-don, and a man was arrested and charged with arson. Writers, publishers and organisations opposing censorship have formed an international committee for the defence of Mr Rushdie and his publishers.

# sake of pleasing several self-out liberals act in a way that gives... the EC stand-off with Iran may benefit East

Europe could lose trade in dispute over Rushdie, FT Correspondents report

1981 82

HILE the West was in uproar this week over Ayatollah Khomeini's call to Moslems to kill Mr Salman Rushdie, the British writer, Iran quietly opened a consulate in the Chinese port of Shanghai.

The implications will not be lost on those seeking a share of the potentially lucrative recon-struction business in Iran following last year's ceasefire in

the Iran-Iraq war. Iran's revolutionary leaders bave long emphasised the need to avoid dependency on West or East, and the point was underlined this week after most Western European countries decided to withdraw their ambassadors from Tehran because of the Rushdie affair.

You, Britain, Sweden, Den-"You, Britain, Sweden, Denmark, Italy, Norway and Germany — don't threaten us!" said Mr Ali Mobammad Besharati, Iran's Depnty Foreign Minister. "Such threats have always brought positive results for our people and losses for you." The Englishlanguage Tehran Times newspaper said the Soviet Union would benefit from Western would henefit from Western Europe's diplomatic sanctions.

Neither the Europe-ans - with Britain and the other 11 members of the European Community in the fore-front of the diplomatic tussle with Iran - nor the Iranians have so far threatened economic sanctions against each other. European companies want Iran's oil money, and fran needs expertise and equipment to repair its oil industry and infrastructure after the

Mr Bahaddin Bazargani, Ira-Bonn, warns that EC trade sanctions would be unproductive. "We could just transfer our orders to other countries

By Quentin Peel in Moscow

LONG AND stormy election

meetings in many parts of the Soviet Union have drastically

reduced the number of candi-dates standing for the coun-

try's new Congress of Deputies

next month, according to the

latest reports reaching

No final figures are likely to be published before next week,

after the current phase of

selecting candidate lists fin-ishes on Friday. However, indi-

cations so far suggest that many old style Communist Party officials have succeeded

better than reformers in get-

ting onto the lists.
In the key Ukraine republic.

the secood most populous in the secood most populous in the country, a string of top Communist Party officials, including Mr Vladimir Shcher-hitsky, the veteran party leader and Polithuro member, bave managed to get them-

selves nominated unopposed in

remote rural seats.

Details of the situation in

the Ukraine, in clear conflict with the spirit of Mr Mikhail Gorbachev's electoral reforms,

emerged yesterday as the Soviet leader ended the third day of a major pre-election tour

At the same time one of the

most outspoken champions of perestroika, Mr Vitaly Koro-

tich, the editor of Ogonyok

magazine, was axed as a candi-

like South Korea, North Korea, Singapore and Japan. We would also produce more of the things we need in Iran," he said. The total value of Iranian imports this year is likely to be about \$10bn, he added, of which 75 per cent will come

from Europe. But the stand-off over the Avatollah's death threats will Ayatonan's death threats win certainly make business more difficult for the EC countries involved, especially Britain, and is likely to improve the chances of Asian and Eastern Enropean nations already involved in countertrade deals with Iran. President Ali Kha-meoel has been visiting Yugoslavia and Romania.

Even before the Rushdie affair, Iran's trading partners faced difficulties with Iran's shortage of cash, its unwillingness to borrow for political and religious reasons, and its internal power struggles.

Britain, West Germany and Italy are already feeling the ecocomic impact of the Rush-die affair, while French industrialists are anxious to con-tinue expanding their Iranian husiness. West Germany and Japan have been the largest exporters to Iran, followed by the UK and Italy.

West Germany, as Iran's big-gest trading partner in 1988, is resisting any suggestion of trade sanctions, but officials say the Iran-EC dispute is causing problems with talks on old Iranian debts and proposals for between DM3bn and DM5hn (\$1.63bn and \$2.7bn) in fresh state-guaranteed credits from Bonn. In the first 11 months of 1988, West German imports from Iran were DM1.01hn were DM2.5bn - mainly investment goods, plant construc-tion, chemicals and pharma-

Soviet party officials survive

reformers' election challenge

date by an election meeting in his Moscow constituency.

ing, however, Mr Boris Yeltsin, the popular but disgraced for-

mer Moscow city Communist

Party leader, was successfully nominated as a candidate in

And in at least one area – the Baltic republic of Lithu-

ania - the election has taken on almost a multi-party look, and aroused increasingly

angry exchanges, with candidates for the Sajudis nationalist movement standing against many top Communist Party

Sharp questioning on the meaning of democracy, as well as oo the state of the economy,

has been thrown at Mr Gorba-chev on his Ukrainian tour, although little has crept into the official television and press

coverage. Unofficial meetings in Kiev

last weekend sharply attacked Mr Shcherbitsky, linking his name to Mr Leonid Brezhnev,

during whose rule as Soviet leader he took over as Ukrai-

nian party leader.
Mr Shcherbitsky, one of only
two members of the Politburo

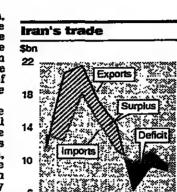
told to stand for election in their own areas, has got him-self nominated for a rural con-

stituency outside Doeprope-trovsk, the industrial city

where he was once party

the final poll on March 26.

At a separate Moscow meet-



Iran's trading	partners
Exporter	Value (\$bn 1987)
Germany	1.581
Japan	1.055
Italy	0.506
UK	0.506
Turkey	0.440
Netharlands	0.287
Singapora	0.073

Iran wants German help to finish the \$3bn nuclear power station at Busher which has been huilt by Siemens-KWU. It had been expected that KWU engineers would return to com-plets the project when the war ended, but they have not yet done so because of a dispute over sensitive equipment. Iran is threatening to ask the East Germans or another Bastern bloc country to finish the job.

Britain's exports to Iran fell to £248m (\$434m) in 1988 from £308m in 1987, hut there had

leader. Although he was put forward in several constituen-

cies, he has chosen to stand in

the most obscure.

the most obscure.
Other key party figures standing unopposed include Ms Valentina Shevchenko, chairman of the presidium of the Supreme Soviet, Mr Nikolai Golushko, chairman of the KGB – the state security committee – in the republic and

mittee – in the republic, and Mr Yevgeny Katchalovsky, the First Deputy Prime Minister.

Back in Moscow, Mr Yeltsin's confirmation of a candidate for Moscow came only

after a stormy 14-bour meeting, which cut the list of candidates

from 10 to two. He will face a

candidate with strong official support, Mr Yevgeny Brakov, director of the giant Zil car factory in the city.

Mr Korotich, a highly controversial editor, who was enthusiastically nominated by a

packed meeting just one month ago, failed to make the final selection in the Moscow dis-

trict of Sverdlovsk.
It is in Lithuania where any-

thing approaching a genuine choice is haing offered to Soviet electors, resulting in a serious strain in relations

on reconstruction and the recent agreement - now over-taken by events - to restore full diplomatic ties. The UK Government's Export Credits Gnarantee Department says demand for its cover increased after the end of Iran-Iraq hostilities in the middle of last

year. Despite past difficulties, Britain has had nearly a 10 per cent share of Iranian imports, and Iran was Britain's eighth most important market (out of 24) in the Middle East region. However, a British Technical Week planned for next month in Tehran is now unlikely to go

More than 30 companies were hoping to attend to discuss the power generation industry and improvements to Iran's production and export of hydrocarbons and petrochemi-

In France, President Fran-cols Mitterrand yesterday denounced Iran's attack on Mr Salman Rushdie as "the absolute evil", but for French industrialists it is business as

French officials believe they have been left behind by West Germany, Japan and Italy in the race to reopen trading relations with Iran and profit from reconstruction. They are now impatient to catch up - a pro-cess they thought they had begun with the much-trum-peted visit of Mr Roland Dumas, the Foreign Minister, to Tehran earlier this month. Even then, France was embarrassed by a sudden row over whether it had promised to release the terrorist Anis to release the terrorist Anis Naccache from prison in

Lebanon. Mr Roger Fauroux, French Industry Minister, said on Tuesday that efforts to improve trade ties with Iran should continue despite the Rushdie affair, although his own planned visit to Tehran is likely to be affected by tha EC ban on high-level contacts with

to be taking the industry min-ister at his word. Peugeot, ister at his word. Peugeot, which in January signed a contract to ship engines and car kits worth about FFr10bn (\$1.58bn) over 10 years, has already despatched the tooling and the first batch of kits of its 405 model for assembly in Iran.

Alsthom, the engineering group which is negotiating a FFr600m contract for the supply of two gas turbines to be ed near the Arak petrochemical plant, is likewise under-stood to be pressing ahead with its contacts.

Paribas, the investment bank, reopened its Tehran office last month and, like Banque Nationale de Paris (BNP), is working again with National Iranian Oil Company, the state petroleum group. in Haly, the Rushdie affair is

a sudden setback for hopes of normalising trade with Iran after years in which relations have been poisoned by Teh-ran's refusal to make payments to Italian companies involved in the construction of the new port at Bandar Abbas.

This dispute was finally set-tled last month and since then Italian companies have been gearing themselves up to win a share of Iranian post-war con-

The first casualty of the EC decision to withdraw ambassadors is certain to be a trade findustria, the main represen-tative of Italian industry, which was due to leave for

# **Urgent changes sought** in European education

By David Thomas, Education Correspondent, in London

companies are to remain competitive with their US and Japanese counterparts, according to a report published yesterday by a group of leading European

The report, prepared by the Round Table of European Industrialists, claims to be the most extensive investigation ever of education on a Europe-wide basis. It was handed to Mr Jacques Delors, European

Commission president.
The study was undertaken with the help of 24 large companies from 11 countries, which included Société Générale de Belgique in Belgium; Nokia in Finland; Thomson in France; Waterford Glass in Ireland; Olivetti in Italy, Philips in the Netherlands; Norsk Hydro in Norway; Telefonica in Spain; Volvo in Sweden; Nestlé in Switzerland; BAT

Industries in the UK; and Siemens in West Germany.

A survey of industrial opinion revealed dissatisfaction throughout Europe with the educational system, especially when compared with that in the US and Japan. Discontent centred on standards in primary and secondary schools and teachers' indifference to

between the local Communist Party leadership and the Saju-dis movement. A plenum of the party accused Sajudis of including extremists in its industry. Pointing to the twin pressures of a sharp decline in the numbers of young people

EDUCATION and training throughout Europe and spirall-needs to he transformed ing demand by companies for urgently throughout Europe if highly trained manpower, the report warns that Europe could lose its technological edge without sweeping educational reforms. Among the recom-

mendations in the report are: Europe-wide education.
 Common core curricula, covering subjects such as maths and sciences, should be established throughout Europe to encourage the free movement of labour. Degrees and profes-sional qualifications must he transferable across boundaries. Each country's school curricu-lum should contain at least three European languages.

• Industry-education links.
Industry's influence on curric-

ula and qualifications must be increased.

• Life-long education. Professional competence acquired in work must be treated by uni-

versities as credit towards a degree. Primary and secondary education. Teachers must be regularly re-trained to keep them in touch with changes in technol-ogy and the world of work. The 180-page report calls for

new Europe-wide bodies, similar to those already existing in research and development, to promote these initiatives.

Education for Life: A European Strategy. Butterworths, Borough Creen, Sevenoaks, Kent TNIS 8PH, England. £40. UK schools opt out, Page 6

Continued from Page 1

 US financial markets dropped sharply in reaction to the consumer prices figures

# LEX COLUMN Downfall of the high-yielders

The foreign exchange markets are notoriously fickle, bnt there is just a hint that eco-nomic fundamentals may be starting to reassert themselves. This must be bad news for all those currencies which have been propped up by high interest rates. The 8 per cent drop in the Australian dollar over the last fortnight, despite local interest rates of 16 per cent-plus, is tha most dramatic example of domestic economic worries taking centre atage again. But the US dollar, sterling and several more esoteric high yielding currencies have those currencies which have high yielding currencies have also been coming under pres-

This partly reflects a belated recognition that interest differentials have begun to narrow. Since UK base rates were raised to 13 per cent in November, short-term West German interest rates have risen by a third; and whereas worldwide interest rates are still rising, there had been a growing feel-ing in the UK that the next move in interest rates would be down rather than up, and sooner rather than later. This is now looking hopelessly opti-mistic, which helps explain yesterday's drop in the London

equity market.
However, as Drexel Burn-ham Lambert's chief economist pointed out in London yesterday, there are plenty of rea-sons —ranging from accelerat-ing US inflation to the US trade deficit — to suggest that the bear market in the dollar is not over. Meanwhile, a strong not over meanwhile, a string pound may suppress inflation, hut is delaying the improve-ment in the balance of pay-ments, and this is not always going to be tolerable.

### Stock Exchange

The style makes it hard to be sure, but it sounds as if the Bank of England is getting cross with the Stock Exchange again. As Mr Pen Kent of the Bank nearly said in a speech last night, London's market practitioners risk harming the national interest by breaking up the central market with their petty in fighting. What is more, it is now urgent that the Exchange should introduce a twentieth-century system of: settlement, with no more bits of paper, and if private investors leef tost with share certificates, hard luck. What the Bank is worried

about, as in the days before Big Bang, is that the City's parochial greed could drive the business overseas. As Mr Kent argues, financial markets naturally tend towards centralisa-tion, if only on grounds of pric-

Woolworth Share price relative to the FT-A Stores Index

ing efficiency and economies of scale. If London's screen-based system falls apart, through the regressive new rules on mar-ket-making or because the institutions are dealing offmarket anyway, the UK will be swimming upstream. Unifica-tion of the exchanges in Germany, for instance, has been partly prompted by business in German equities migrating to London. If the London exchange distintegrates, that former business could reserve

flow of business could reverse. Here, as often, there is the disturbing impression that the Bank is having to do the Stock Exchange's thinking for it. But the problem may now lie beyond the Exchange's scope. Mr Kent worries about "a series of Pyrrhic victories for special interests" which might finish London as a market. But as he also observes, many of those conflicting interests are bound np within the same huge, sprawling financial conglomerates.

### Woolworth

A small, pretty, rare bird is not what comes to mind when one thinks of large, ugly, ordinary Woolworth. Still, the company evidently wants to see itself as a Kingfisher, and the market can be thankful to escape yet another meaning-less set of initials. Meanwhile, it seems sensible for Woolworth Holdings to dissociate itself from its least successful part, while at the same time leaving its options open over the future of the Woolworth brand.

Some might argue that as the management has never got stores quite right, and as don-ble the return on capital is available at B&Q or Comet, the best policy would be to phase out Woolworth altogether. At present, though, the company has no intention of simply turning the chain into a supply of finance for the rest of the

group. At this point in the con-sumer cycle, the defensiveness of Woolworth is an asset, espe-cially when the market is wor-ried that the super-growth B&Q will suffer from the squeeze on the bousing mar-ket, while Comet Is unfortunately positioned in the retailing front line. If the name Woolworth means safety to the battered stores investor, now would seem an odd time to be shedding it.

### Unit trusts

Last month's equity market splurge clearly did its bit to persuade the small British investor that share prices can go up as well as down — a fact which had not been upperment. which had not been uppermost in his mind through much of 1988. Thanks in part to therenewed attentions of retail investors, gross unit trust sales managed an effective postcrash high in January, and February could turn out even

But many private investors seem to have thought that renewed life in the equity markets was as good an excuse to sell as to buy: with the market climbing hack towards more respectable levels, many had their first chance to ball out without crystallizing losses. Still, given the high net new investment figure, retail investors must have bought more units than they redeemed in January - which is more than can be said for 1988. The risk is that they may not continue to do so, if the market returns to its boring old ways.

### CBI

The CBI failed yet again yes-terday to provide a show of unity on takeover policy this time postponing agreement on perhaps its most sensible notion yet, that of barring bids from bid-proof aggressors. It is perhaps time the whole thing was dropped. The CBI's membership is irreconcilably split between lions and strelles and many are both at gazelles, and many are both at once. This time, one suspects, even modest moves towards repelling foreign invaders may have worried those who want to continue their rampages

It is eminently sensible to now does, that instead of the UK blocking hids, other EC countries should be forced to open up. Perhaps, too, the UK Government would have more leverage if it were armed with the weapon of retaliation. But that weapon, it seems, will not be furnished by the CRL

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The Sudimer Buy-out Fund N.V.

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The undersigned raised the above funds privately from international investors to invest in corporate buy-outs in The Kingdom of Spain.

Dillon, Read Limited Compagnie Financière de Suez

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WORLD WEATHER

# United front on inflation Continued from Page 1

trial countries, especially the Mr Pierre Bérégovoy, his French opposite number, added that because of its trade deficit, France would in the next two years limit its tax cuts to what is necessary to achieve a har-monisation of capital taxation in the European Community, maintaining its budget deficit at about 1.6 per cent of gross

domestic product.
West Germany, meanwhile, with its sizeable halance of payments surplus, would lower direct taxes in 1990. Mr Karl-Otto Pohl, governor of the

Bundesbank, noted that last month's unusually high infla-tion figures in West Germany were "not dramatic" if adjusted for the one-off effect

of a consumption tax.

The Franco-German council also agreed on new proposals for using the European Investment Bank (EIB) to improve the allocation of capital throughout Europe. France and West Germany will propose to other EC members that the EIB should make its bond issues more systematically in countries with lasting current

# Fall in markets after US figures

and inflation warnings, Janet Bush in New York adds.

The most dramatic reaction yesterday was in the stock market where selling began immediately after the figures were released and accelerated during the day, wiping ont nearly all the sharp gains made during the previous four

US ACCOUNTANTS last week won a round against the Secu-rities and Exchange Commission's increasingly rigid stance on the independence of the

alfour Bear

The SEC decided that it might modify its rule banning auditors from working with their audit clients, for instance in joint ventures — but only if the accountancy profession comes up with its own rules to ensure auditor independence

in such situations.
This small-sounding concession is an important victory for the large audit firms. Recently they have become increasingly frustrated about the restric-tions placed on them.

Mr Robert Mednick, Arthur Andersen partner in charge of professional standards, said:
"As a general rule, the SEC staff are becoming more and more rigid and the profession as a whele participally the big. as a whole, particularly the big firms, is feeling frustrated. In the last year or so the SEC has become very strict in their interpretation of independence. Sometimes they are just off the wall. Often they take such unreasonable and unrealistic positions, they could as well say that auditors shouldn't be paid by clients."

Andersen, along with Price Waterhouse and Peat Marwick Main, petitioned the regulators for permission to work on joint projects with clients, provided

the contract involved is not material to the turnover of

either participant.
Although the SEC last week wrote back to say that it refused to lift the present ban, it left the way open for a future change in policy by suggesting that its staff could sit down with the American Institute of Certified Public Accountants (AICPA) to work out an alter-

native solution.

The original petition was made last March by the three firms, which stressed that they wanted to be able to do occa-sional one off jobs, not regular joint ventures such as market-

ing software.

Then in July, Arthur
Andersen applied to audit specialist contractors to the US Department of Energy, in order to carry out the andit, they suggested that they could get advice from a company not working with the department. The area under review, nuclear enrichment, was not a subject in which it had expertise and it wanted to bring in outside

The advice was worth \$25,000 (£14,850), compared with Andersen's total fee of \$1m over three years. But the SEC was not happy when it discovered that the parent company of the parent of the proposed adviser com-pany had recently become an The SEC said Andersen had

to give up one of them. Andersen applied for an accelerated hearing on the original peti-tion. In December the SEC held an open meeting at which its staff recommended that the

Mr John Riley, SEC staff accountant, said that its rules on auditors required "the appearance of independence and independence in fact." However, the board members of the SEC were reluctant to

shut the door completely and after two months of wrangling just managed to insert a clause in last week's latter to keep the debate going. Auditors complain that this is not the first time they have crossed swords with the SEC.

They point to cases which,

they claim, impose unfair restrictions on their actions although the SEC has made concessions before. For example, Touche Ross audits Sears Roebuck, the retail giant. In the past, had the wife of any partner of Touche worked as a part-time clerk at a retail outlet of Sears, even 2,000 miles from where the audit was conducted,

Touche would have had to give up the audit. Recently the SEC relaxed the rule so that the spouse would have to work in an audit-sensi-tive function for the audit to be

Again, if a firm helps a com-

pany to prepare a financial material to their turnover, forecast for a company, it can whereas the SEC requires diswhereas the SEC requires disnot audit it. The auditor may closure of all loans. have performed the purely mechanical role of inputting Mr Glen Perry, Peat Marwick

company data into a company database without even study-ing the figures. Under SEC rules that would be a bookkeeping function and therefore disquality them. By far the most rigid rule prevents auditors reporting on financial information prepared

by an audit client in connec-tion with a share issue. That is in contrast to British law, for example, where no such restriction applies. Under the SEC rule, even if the opinion is expressed in Britain and not in the US, the firm is automatically disqualif-ied from auditing the annual

report of the company to the SEC. The rules often extend to former partners, too. So if a retired Price Waterhouse partner is asked to value an asset for IBM, an audit client of his former firm, the retired partner would have to withdraw all

links with the firm.
That would involve, for instance, the firm paying out his full pension before the con-tract could be fulfilled. In none of the above is the

AICPA as concerned as the SEC. For instance, it requires auditors to disclose loans from dergast.
She said: There are a whole clients only if the loans are on but this is the first time

partner who worked on the petition, said: "We agree to accept rules that are much stricter than the AICPA's.
(But) their position (the SEC's)

often does not make sense." Mr Lee Sidler, a former pro-fessor of accounting at New York University who is now senior managing director at Bear Stearns & Co, disagrees: "Accountants should stop trying to get the frosting on the cake. The SEC is concerned about health of companies and therefore the independence of

the auditor. They should tell auditors to pick one or the other contract." Mr Mednick of Andersen, a strong critic of the SEC, is heartened by the recent letter on working with audit clients. He said: "The very fact the SEC has come down from an absolute ban to suggesting talks with the AICPA means

reasonable dialogue." The SEC suggestion has been sent to the AICPA. Mr Bob May, the AICPA chairman has forwarded it to the chair-man of their professional ethics committee, Ms Marilyn Pen-

we may soon be able to start a

work out a compromise." The details have not been worked

Many expect a professional standard to be drawn up. The committee already has a special task force that meets regu-larly with the SEC.

One solution is already spelt out in the letter. The SEC has no objection if the original contractor sub-contracts the work to an auditor and their audit client separately and then asks them to work together. However, many companies

prefer "turnkey" projects -those which involve awarding the work to a single contractor, which is then expected to draw up its own team and to carry

The potential benefits of a solution are enormous, particularly for the big accountancy firms. For instance, Price Waterhouse audits IBM: under the existing rules it simply could not carry out a turnkey computer project with IBM. This is a severe restriction for a firm which has decided to invest heavily in computer-

related consultancy.

And of course for firms like Andersen it makes possible contracts like the nuclear enrichment audits.

Although immaterial in the context of Andersen's total income, \$1m is not a sum to be sneezed at.

# **Financial** Accountant/ Controller

**Tower Bridge/M3 Corridor** Package c.£30K

Our client is a \$2 million Company specialising in the design and implementation of voice and data network cooling systems. In addition to designing and installing cabling systems, the company has developed and is selling a range of software products for project managing network Installations, for designing and efficiently matritaining cable network systems and for system fault-finding.

Now based class to Tower Bridge, but moving soon to Southwest Home Counties, the company now requires a Financial Accountant/Controller to

in addition to being responsible for the normal range of accounting and finance functions, a main responsibility is to monitor contract costs from pre-tender stage through to contract completion.

pre-tender stage triough to contract completion.

The successful condidate needs to have experience in contract costing, setting up computerised management accounting and contract monitoring systems, office management and administration, in the short term, no more than 2 people will report to the position so a "hands-on" approach will be required. The position requires persuasive skills, assentiveness and a great deal of energy.

The package includes a base salary, fully equipped quality car, medical insurance, contributory pension and profit related bonus. Please write, quoting Ret: (FT108), to Steve McBride with full CV and solary details at:

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### **ACCOUNTANCY APPOINTMENTS**

# Manager Project Accounting

PACKAGE 5.30K + CAR + STOCK OPTIONS STOCKLEY PK, HEATHROW

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Success and expansion necessitates a move to prestigious new offices at Heathrow, and the addition of a high calibre qualified accountant to the growing U.K. Finance Function.

Reporting at the most senior level, as Manager - Project Accounting, you will drive a major apprade in accounting and reporting systems and decision support capabilities. You will gain a total understanding of the needs of the business, analyse package requirements and control the implementation to achieve optimal results. This key project is to be completed within 12-15 months, allowing the incumbent to move into another senior finance role.

The challenges, rewards and career opportunities within this exciting growth environment are exceptional. Qualified Accountants 28-33 years, with a broad range of financial management experience gained in industry or practice, must possess a confident outgoing personality and a high degree of business awareness.

For further details contact John Bowman at Financial Selection Services on 01-387 5400 (evenings on 0474 874173) or write to him at Drayton House, Gordon Street, London



Apple

# **ACCOUNTANTS** WHO CAN MANAGE **BUSINESSES**

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Probably the UK's largest producer of books, magazines and financial documents, St Ives Group pic has increased its revenue by a multiple of ten since coming to the market just over three years ago. A very fast rate of growth is continuing and creates the need for people who can step into general management positions at an cariy age.

Successful candidates will initially gain a sound understanding of all aspects of the business by spending about two years in a senior finance role either at the group's headquarters in London or in

one of the operating companies which are located primarily in the home counties.

Applicants must be aged not less than 27 nor more than 35. They must be qualified accountants, preferably graduates, who combine highly developed communicative skills with a quick, practical and commercial mind.

Please call to discuss, or send a career résumé including current salary and day-time telephone number, quoting reference 3011, to Graham Perkins, Executive Selection Division.

Thavies Inn House, 3/4 Holborn Circus, London ECIN 2HB. Telephone: 01-353 7361.

# **Group Finance Director**

# **High Technology**

Substantial salary + Equity

Our client is a design house specialising in the development of high performance hardware and software for the OEM market. The company is focused on its ability to harness and exploit advanced technology to give it a competitive edge in world markets.

The company has embarked upon a five year expansion programme which includes a proposal to establish a manufacturing operation in the United States and a full Stock Market quotation. The Finance Director will play a pivotal role in this programme.

We wish to discuss this position with finance managers with vision and considerable ability. Your candidature will be measured against your track record in a high technology environment, preferably with experience of successfully taking a company to a full quotation, or to the USM. An ACA qualification is mandatory.

We urgently need to identify a person for this role so we are asking candidates to phone either Deborah McGovern or Geoffrey King for a preliminary discussion. Please note that we will be available until 9pm tonight and Friday. Alternatively send your curriculum vitae quoting reference

### Cambridge Recruitment Consultants

11 King's Parade, Cambridge CB2 1SJ. Tel: Cambridge (0223) 311316

# FINANCIAL DIRECTOR

**OUTSTANDING OPPORTUNITY - CHARTERED/CERTIFIED ACCOUNTANT** PACKAGE c. £32K

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cial Director will be relied upon to bring sound business and financial expertise to the growth and control of the company and to manage an accounts department, This is an ideal opportunity for a chartered or certified accomment with commercial acumen, drive and credibility who can relate well to other members of a team. He/she is likely to be in the age range 28-45 and

to have had 4 years qualified experience in an industrial setting. A package of c. £32K includes a high basic salary, company car and the usual benefits, Relocation will be

dable to suitable candidates. Please apply, enclosing a C.V. to:

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### FINANCIAL CONTROLLER For Motor Car Distributor

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Salary indicator - £25k + Financial sector benefits

The position holder will be responsible to the statutory Reporting. The medium term obje within the function.

in return for your contribution we can offer a salary of not less than £25k, 2 little car and financial sector benefits including BUPA,



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National Power Company will be amongst the UK's six largest companies with a multibillion pound turnover and s pre-eminent world position. Substantial reorganisation of the Electricity Supply Industry has resulted in opportunities within NPC for Senior Management Accountants at a number of prestigious locations.

Key responsiblities will include:

- ▲ Developing and managing a sophisticated budgetary control system to meet the needs of the changing organisation.
- ▲ Assessing various investment opportunities in the light of financial
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- ▲ Preparing corporate trading accounts supported by profit analysis of individual

These are non-routine posts offering wide scope for the incumbents, who will also be expected to develop sound procedures and techniques in the field of profit motivation for all business areas.

Applicants, who should preferably be in their early to mid thirties, will be business orientated graduates with e professional accountancy qualification and sound experience of modern management accounting practices in a commercial environment. They should also demonstrate e fast track record with particular strengths in man-management, communication and organisation.

The London based role may be subject to relocation within the southern half of the UK. All relocation expenses will be reimbursed.

Please write in confidence, quoting reference C8621/5/L to Hilary Douglas.

# **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 70 Fleet Street, London EC4Y 1EU



### West Midlands

Our client, Eagle Trust plc, has emerged from obscurity to become a dynamic, integrated group of well managed businesses operating in the field of manufacturing. merchanting and leisure, with significant interests in Europe, USA and Australia. In 1986 the turnover was £6.6m, for 1989 it is expected to be in excess of £200m.

An excellent career opportunity has now arisen for a Tax Manager who, reporting to the Group Finance Director, will be responsible for all tax affairs in the group. Initially the role will be to ensure that tax matters in the UK are controlled but ultimately there will be responsibility for overseas units and

Candidates should be qualified accountants with 2-3 years experience within a corporation tax

c£25k-£30k+Car

department. The successful candidate will, in addition to compliance tax knowledge, require excellent interpe skills and the ability to operate successfully in a high profile

In return for your technical skills, Eagle Trust plc offer you the opportunity to join a fast rising industrial group with ambitious corporate goals, excellent salary packages and superb career

Interested applicants should write to: Tony Hodgins ACA, enclosing a comprehensive CV, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 55T.

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**FINANCIAL** CONTROLLER

> London El. £25,000 Car + Benefits

We are a rapidly growing partnership engaged in the distribution of computer hardware and the manufacture and distribution of computer software.

Our continued success and future development (plans include incorporation as a PLC) depend on , financial development of the company. We need a qualified Accountant (ACA-ACCA) to take up this challenge.

Reporting to the Managing Partner this key role demands an ambitious innovative individual with the desire and ability to succeed in a fast moving environment. Some knowledge of inventory control is preferable but personal skills are more important.

Future prospects are excellent. Please write in the strictest confidence enclosing your CV to Stephen Pinning, 126-127 Shoreditch High Street, London El 6JE.

# Chief Accountant

*Middlesex* 

c.£25,000 + excellent benefits

Our client is a wholly-owned subsidiary of a large industrial conglomerate, and operates through regional divisions in the UK. The Group provides a range of support services in the building sector including heating, electrical and plumbing systems for new developments and maintenance services for major commercial and retail sites.

Reporting to the Group's Financial Controller and your Division's Managing Director, you will join the senior finance team, taking specific responsibility for the accounting function in a major division. You will oversee the development of management information systems, ensure that costs are properly controlled and produce Divisional accounts for consolidation at

You will be a Qualified Accountant with strong management accounting experience, within a project-oriented environment A background in the construction industry would be advantageous. You must have the personal skills to liaise effectively at senior levels and manage both cierical and professional staff.

The renumeration package includes company car, medical insurance, contributory pension and a profit-related bonus

Please send full personal and career details in confidence to Charles Vallee, quoting reference 5214/FT on both envelope and letter.

Management Consultancy Division

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Excellent package

Motorola is one of the world's leading names in the electronics and communications business. Our growth rate, commitment to excellence and plans for further expansion are second to none.

Following the relocation of our European Treasury function from Geneva to Maidenhead, Berkshire, we are looking for two high calibre Treasury professionals to complement the existing team in its Europe-wide responsibilities.

Working in a progressive matrix management structure, your role will include the operation of a multi-national netting system, the control of currency: exposure, the financing of our diverse European subsidiary companies, and a

**UK-based** 

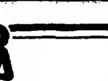
variety of other European Treasury issues. Aged 25-35, and a graduate, you will probably possess a formal Accountancy qualification, together with a minimum of 4/5 years large company experience. In addition you should possess the credibility, business and communication skills to operate at senior levels and the flexibility to undertake some international travel.

In addition to an excellent remuneration package, this is an opportunity to gain a unique overview of a major international business. The career prospects are excellent.

In the first instance send a brief CV to the European Treasurer, at Motorola, Old Court, Cox Green Lane, Cox Green, Maidenhead, Berkshire SL6 3BH.



MOTOROLA LTD.



# FINANCE MANAGER

**WEST MIDLANDS** 

CIRCA £25,000 + CAR AND COMPREHENSIVE BENEFITS PACKAGE 34



This repidly expanding Division of e Multi-national Engineering Group has, as e result of en internal promotion, an opening for a Finence Manager to provide the full range of finencial services to a young and highly motivated menagament team. These will include the creation of achievement targets, profitability studies, edvising on investment opportunities, problem identification end corrective actions to be taken. 1 1 1 1 1 1 1 1 1

To be the successful applicant, you are likely to be over 28 years of age with a professionel accountancy qualification. You will have excellent enelytical and communication skills and will be commercial in outlook. Additionally you will have responsibility for M.I.S. and future systems development. Previous manufecturing experianca is desirable. You will enjoy participating pro-actively in the day to dev and medium/long term decision making procass, in e period of sustainabla growth. Above all, the position offers excellent career progression opportunities to an ambitious achiever.

Interested candidates should send full career and personal details to Ken Muir, Bernard Hodes Overton Limited, Monaco House, Bristol Street, Birmingham B5 7AS or telephone 021 622 3838 for an application form quoting reference 10603.

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This outstanding opportunity will interest e quelified eccountant with several years' relevant commercial experience, who wishas to operate at divisional controller level as the next step in a prograssive

The 'blg company' benefits package includes e car snd contributory pension scheme. In the first instance please write with full CV including your current salary

N J Pitt, Managing Director, Racecourse Technical Services Ltd, 88 Bushey Road, Rsynes Perk, London SW20 OJH. Tel. 01-947 3333.

# Financial Controller

Electronics Engineering, £27,000 + bonus + car, Thames Valley

Our client, a fast expanding and profitable £100m t/c pic, seeks a Financial Controller for a recently acquired £7m t/o business; a market leader in the design and manufacture of sophisticated data acquisition systems for process control and telecommunications. Initial tasks will be to strengthen financial disciplines at every level and to improve contract profitability control systems.

Candidates must be qualified accountants, ideally in the 27-32 age range, with e background in manufacturing industry. Experience in the contract engineering sector will be an advantage. They must be able to demonstrate a record of achievement as a ement Accountant and now be ready to head up the finance function, reporting direct to the Managing Director.

Salary, including a performance bonus, is negotiable to the level indicated above and benefits include an executive level car, pension schame and private health insurance. Prospects for promotion to Finance Director are excellent. Candidates who meet this specification should write with full CV and salary details quoting reference AFV165 to: Michael Ward, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire

CONSULTING GROUP

# **Accounting Manager** ICMA/ACCA

Up to £25,000 + Car + Benefits

Middlesex

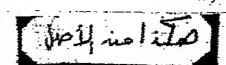
This rapidly expanding division, whose sales total £410 million, manufactures and distributes. scientific equipment worldwide. Part of a major UK company whose success continues to expand both at home and overseas.

The manufacturing unit is keen to recruit a Manager to head up a small financial department. Staff motivation and man-management skills are essential requirements of the post. As a qualified (or possibly a finalist) ICMA or Certified Accountant you will have worked within a manufacturing environment

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Opportunities for career advancement are evident within the Group, whose future holds exciting prospects and excellent financial rewards. Please send full career and salary details to Mrs. Jennifer Baker quoting reference LI 8100.

13/14 Hanover Street, London W1R 9HG. Tel: 01 493 5788.



FINANCIAL TIMES THURSDAY FEBRUARY 23 1989

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# Financial Executives

# **Currently Seeking** £25,000-£60,000

Cartwright Hopkins is an established executive recruitment consultancy that. provides its services in a professional, personal and confidential manner.

We are now seeking to extend our contact with qualified accountants and treasury executives who have achieved a successful career to date and who may wish to develop their careers further by seeking a change of position now or, alternatively, by considering

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Tel: 01-839 4572 Fax: 01-925 2336

# Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

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As a consequence, they have an immediate requirement for a key individual to complement their management team.

Reporting to the Finance Director, your role will involve the coordination and management of the business planning and cost accounting functions through a professional finance team. With seven product lines operating from four manufacturing sites, the necessity to

ACA

To £33,000 + Car

establish and develop effective working relationships with product line management is of fundamental importance.

Aged 28-33, and a qualified accountant with at least two years' commercial experience, you will possess the flexibility and initiative to manage a large team. Strong motivation and leadership skills are therefore essential.

For the individual who can respond to such a challenging role, career opportunities within this major international group will be limited only by individual ability.

Interested applicants should telephone James Hyde on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

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# **GROUP FINANCE DIRECTOR**

### Winchester

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Medihold started with two small companies providing equipment and services for the domicilary homecare market. This market is expanding, stimulated by the increasing "deregulation" of health care and the continuing trend of providing nursing and post-operative support in a domicilary

These companies provide the base for expansion, both by acquisition and organic growth.

The person appointed will work closely with the Chairman and Chief Executive and carry full responsibility for financial management.

Particular emphasis and hands on responsibility for establishing good quality accounting at subsidiary and group level will be essential in the early stages.

Candidates should have broad management experience including involvement with directing small developing companies or business units. Personal experience of managing relationships with sources of external finance is essential.

Confidence, personal ambition and demonstrably sound business judgement will be highly valued. An equity stake will be available for this demanding role in a small but ambitious business.

To apply, please send full career details to Mike Smith, quoting ref. M/ACW.

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Aged 36-42 and a Chartered Accountant, you

have experience of audit or management consultancy within the financial sector and have technical excellence in accounting and taxation. It would be beneficial to have gained knowledge of banking, insurance, stockbroking, mortgages or property investment services.

Based in Mayfair, you will command a highly competitive salary, reflecting the importance of this role. The remuneration package includes a company car and bonus scheme. Equity participation may be offered after one year.

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# Simpson Crowden **CONSULTANTS**

# **KPMG** Peat Marwick McLintock

Executive Selection and Search

Abbots House, Abbey Street, Reading RG1 3BD



apricot computers p.l.c.

# Group Financial Controller

# West Midlands

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Our Client, Apricot Computers plc is a leader in the field of computer systems, software design, systems development and computer maintenance. The company now seeks to appoint a Group Financial Controller, who will have a key role in the management of growth in an exciting and dynamic industry.

Reporting to the Group Financial Director your brief will encompass the production of Group results and forecasts to tight deadlines, the management of all taxation, treasury and company secretarial affairs, the analysis of divisional performance, acquisition studies and the development of management information systems.

The successful candidate will be a commercially astute and technically strong Chartered Accountant. You will currently be a Senior Manager £37,500-£42,500+ Car

within Public Practice or alternatively possess a minimum of three years "hands-on" industrial experience within a Group/Plc environment where profit planning, tax and treasury are key issues. You will also have the prospect for progress within the financial field as well as the potential for a move to commercial management within the Group.

In return the company can offer outstanding career opportunities along with a substantial renumeration package which includes a fully-expensed car, profit share, pension scheme, share options and relocation expenses where appropriate.

Interested? Write to Tony Hodgins ACA at
Michael Page Finance, Bennetts Court,
6 Bennetts Hill, Birmingham B2 5ST, enclosing a comprehensive CV.

# Michael Page Finance

Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# FINANCIAL DIRECTOR

# **West Country**

to c. £32K + car

Our Client is a major business within a British based International Group which manufactures and markets a range of quality consumer products. The business has a turnover of £36m, a high proportion of which is exported, and is a world leader in certain market segments. A Financial Director is sought, to be responsible

to the Managing Director for the financial and systems functions. Candidates must be fully qualified accountants with good experience of specialist or batch man-

ufacturing companies, and of working closely with the production and sales functions.

They must be change oriented, skilled in systems and familiar with modelling techniques, with the personal ability to identify indicators and propose solutions. While a strategic contribution to Board thinking is expected, so is the capability to carry out detailed investigation. The remuneration package includes the benefits normally associated with a large group, including relocation.

Please reply in confidence, enclosing full career details, to Michael Bailey, Bull Thompson & Associates Ltd, 8th Floor, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham, BI6 8TP.



CORPORATE AND RECRUITMENT CONSULTANTS

### FINANCIAL CONTROLLER

### West Midlands

£20 - 30k + Benefits

We are an unusual, innovative and successful hi-tech company engaged in the marketing of computer systems and the data generated in the health care sector.

The company is a joint venture with a £1 billion UK plc. We will have a turnover of £5 million in the current financial year. We are well funded and expect to increase turnover at least five-fold in the next five years.

We require a Financial Controller who will report to the Managing Director. Applications should be able to run the company's computerised accounts system and provide financial information to the company's operational directors and board. This is a key senior appointment and we need someone who will also make a broad contribution to the operation and management of the company in close liaison with the company's operational directors whose style is entrepreneurial and informal. Applicants will be expected to operate flexibly in a rapidly changing environment and familiarise themselves quickly with all aspects of the company's business.

The Financial Controller will be responsible for the management of our General Office team of six which includes experienced accounts personnel.

Applicants should hold an appropriate qualification and have at least five years relevant experience. Their age is likely to be between 30 and 50. We expect applicants to be computer literate. This is an exciting opportunity to be in on the ground floor of a new international health care arena. Relocation assistance is

Potential candidates may obtain further written details of the post and the company by contacting our consultants Ms Janet McCracken on 01-699 3544.

# Financial Controller

# Surrey/Sussex Border

Circa £24k plus Car

Rapid growth to a turnover of £20m In this highly regarded office design company, has created a new position for a qualified

In addition to developing and controlling a new computerised financial and management information system, the successful candidate will play a significant role in a young management team committed to sustained profitable growth.

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This new business is an integral part of an energetic and forceful blue chip financial services group. Following a rigorous decentralisation programme, which has delegated profit responsibility to autonomous business units, the business has been created to deliver high quality financial and business services throughout the group. Key to the effective management of this London based business is the establishment of sound financial practices and success depends on an ability to market professional systems to the rest of the group.

### FINANCIAL ACCOUNTANT Package to £30,000

This is a challenging opportunity to make your mark in the formation of a new accounting structure. Leading a small team you will take responsibility for developing new accounting systems and controls to meet the demands of a growing business unit.

You will oversee the streamlined production of financial information and contribute to commercial decision making. Candidates should be ambitious qualified accountants with at least 2 years PQE gained in a progressive organisation. Key criteria for success will be: analytical ability, self-reliance and the personal qualities to build and lead a professional team. Ref. L397

Interested candidates should write or telephona outlining their background and experience to Heother Male, quoting the oppropriate reference.

### FINANCIAL SYSTEMS CONSULTANT Package to £33,000 + car

You will join a team of finance and systems

professionals, responsible for the definition and implementation of a corporate financial systems strategy. As a qualified accountant, you will have been involved in a successful systems implementation.

In order to make a positive contribution in this dynamic environment you should be abla to demonstrate strong communication skills, a sound understanding of the systems development cycla and previous experience of leading projects. Drive, enthusiasm and the ability to achieve professional results through motivating staff are essential Ref. L398

Egor Executive Selection 58 St. James's Street London SW1A 1LD (01-629 8070)

**EGOR** SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Soain

# HEAD OF INTERNAL AUDIT

Royal Mail

### Derbyshire

Royal Mail Letters, like its parent organisation, The Post Office, has a track record of sustained profitability, improved productivity and impressive growth. This £2.9 billion business compares favourably with its European counterparts in terms of service levels, and is making substantial investments to increase customer satisfaction further.

The Internal Audit team plays an integral part in the financial control and improved efficiency of this changing business throughout the UK. Tha Head of Audit accesses the most senior levels of management and leads a team of 50. The role formulates audit strategy and policy and has full responsibility for delivery and follow up, with increasing emphasis on value for money projects. £32,000 + Bonus + Car

Candidates must be qualified accountants aged at last 35. Your background should include experience of up to date audit techniques gained in large organisation, operational audit and team management. Success will be determined by good presentation and communication skills. persistence and energy and will be rewarded with excellent career development opportunities. Full relocation assistance is available if necessary.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref. L396.

**Egor Executive Selection** 58 St. James's Street London SW1A 1LD (01-629 8070) **EGOR** EXECUTIVE .

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain

# FINANCE DIRECTOR

To \$30K and Car

North West

Our client is a company with a turnover of approximately £15 million earned through the supply and manufacture of materials for the building industry. Their plans for further growth include adding to their depot structure, creation of new manufacturing capacity and development of the product range and market share. Flotation on the USM in 1989 and subsequent acquisitions are substantial elements within their plans.

To assist the Managing Director in the implementation of these plans they now seek a Finance Director who will:

- manage the finances of the company,
- have overall responsibility for the provision and presentation of management information using computerised systems,
- take an active role in the intended flotation of the company and any subsequent acquisitions,
- have overall responsibility for central administrative services within the
- act as Company Secretary.

Candidates should have a recognised accountancy qualification and experience of working at a senior level, ideally in a marketing/distribution environment. This is an excellent opportunity for someone with the interpersonal skills to influence colleagues without disturbing what is a harmonious working environment.

Apply in confidence, by sending a CV to: Trevor Tindell, Grant Thornton Management Consultants Limited, 5th Floor, St. Johns Centre, 110 Albion Street, Leeds LS2 8LA quoting Reference L104.

Grant Thornton



### NEW FINANCE DIRECTOR

c. £30,000 + car + significant benefits based in High Wycombe, Bucks

- The Guinness Trust, one of the largest housing associations, will celebrate its centenary

Are you capable of joining the team which will lead it into its second century?

### RESPONSIBILITIES will be to:

- develop and review financial strategy
- assume overall management of the accounting function with a staff of 14
- arrange finance for the building programme direct and manage the budgetary control and financial reporting systems

REQUIREMENTS for this appointment will be a professional qualification, senior level experience, some knowledge of the housing field and probably experience of the construction industry. The new director will be expected to make a substantial and creative contribution to the Trust's policy-making for the post-Housing Act era and will join four other directors to form a team of five working closely together with the Chief

For further information telephone Mary Johnson on High Wycombe (0494) 35823

APPLICATIONS should be sent in writing showing how the requirements are met to the Trust's Chief Executive at 4 Corporation Street, High Wycombe, Bucks HP13 6TH.

Closing date is 1 March 1989

**NEWLY QUALIFIED** CORPORATE FINANCE CENTRAL LONDON

•

& EXCELLENT

Our client, a medium sized firm of Chartered Accountants seek AGA's to train in their Corporate Finance dept. The prospects at this firm are first rate. Please contact David Paton, Executive Search Division, Hymes Associates Ltd. Wells House, 77-79 Wells Street, Tel: 01-680 5622.

> AUDIT MANAGERS CENTRAL LONDON

# to £35,000

Preferably "Top 8" trained, Cli-lents include both medium and large firms. For a confidential discussion please contact:

David Palon, Executive Search Division. Hynes Associates Ltd. Wells House, 77-79 Wells Street, London W1 Tel: 01-580 5522

### INTERNATIONAL MERCHANT BANKING CORPORATE FINANCE EXECUTIVES

Plus Car and Mortgage Our client is one of the largest City merchant banks, highly respected for its Corporate Advisory division. Your role will embrace all aspects of deal making-mergers, acquisitions and money raising with future secondment to New York, Paris or Hong Kong. You should be ACA, aged 25 to 29, ideally with corporate financial or investigations exposure gained within a Top Eight firm.

### CORPORATE PLANNING

228 - 230,000 Assessment of business indicators, forecasting of tuture trends and supervising all aspects of the Corporate Planning function are the key areas of this newly created role based in one of the City's most prestigious investment groups. A qualified accountant, with a thorough knowledge of the business planning process, will find that this highly challenging position will provide a first class exposure to business management and planning.

### A CAREER IN MERCHANT BANKING

E22 - E25,000 plus Mortgage and Car With a heavy programme of expansion in all operational areas our client, a major City name, has now created a number of new and highly varied roles for the finalist/recently qualified ACA, ACMA and ACCA. Positions include business and financial analysis, corporate planning, treasury, finencial and management accounting and stidit. These are career stopping stone roles into a senior management positions where potential is the main preservation.

### INTERNATIONAL OPERATIONAL REVIEW

223 - 225,000 Cur offent specialises in advanced materials technology and seeks to grow by developing existing business, nurturing new ones and by acquisition. Their Corporate Audit Olvieton is expanding to ensure that effective financial controls are implemented. Travelling to the States, Europe and the Far East, you will assist in that expansion programme and after 18 months you can expect a Controlship in the UK or overseas. Currently, you should be finalist or recently qualified ACA.

For further information please call 01-242 0344 or write, enclosing your C.V., to the address below.

David Chorley Accountme FOR SUCCESS over House, 73-74 High Holloom, Landon WCTV OLS Thit 01-242 0344 First 01-430 1456

An outstanding career opportunity in a high profile Service Industry PLC.

SYSTEMS AND MANAGEMENT ACCOUNTANT £30-£35,000 + CAR Central London .

We have been retained by one of the most successful and aggressive service groups in the U.K. Activities, which primarily include marketing, sales promotion and recruitment, are expanding rapidly, the group having made seventeen acquisitions in 1988 and reported profits in excess of £3M.

Working closely with the Finance Director and liaising regularly with the Managing Director, your brief will include the design and implementation of state of the art computerised financial management and operational systems to service the need of expanding group companies, while reviewing overall corporate strategy and

This key position is ideally suited to a highly ambitious accountant, aged 25 to 35; who possesses a proven track record in the implementation of computer applications in this field and who now seeks broader commercial involvement in an exciting young public company, offering truly first class career progression.

Commercial awareness and a high degree of committment are essential qualities to secure this appointment. A generous benefits package will also be offered.

For further information, please call Gary Laurence or David Chorley on 01-242 0344 or write, enclosing your C.V., to the address below.

landver House, 73-74 High Holbern, Landon WCTV GLS Tel: 01-842 0344 Fee: 01-400 140

# Finance Manager

**Venture Capital** 

London SE1 c.£40.000 + car

Innovative and fast growing investment and property group, specialising in small/medium businesses seeks new manager to be responsible to its Projects Director for pre-

acquisition review and contract detail on all new acquisi-tions plus 'due diligence' action and later liaison with subsidiaries on control systems and reporting disciplines. Candidates will be qualified accountants. A numerate degree would be an asset. Minimum age say 30, dictated by a need for a decade of practical business experience. Acquisi-

need for a decase of practical business experience. Admiss-tion and control systems experience is highly desirable. This is a key post on the venture capital side, whose growing reputation offers unique experience and prospects. For a full job description, please write to W T Agar at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and

London, Milton Keynes, Wilmslow

quoting Ref. 2299/FT.

Selection and

FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE We are a fast expanding accountancy services company both in

the U.K. and internationally.

We have branches and associated companies totalling up to 20 at this moment and we will have established 100 branches by the

We are looking for a young, dynamic and progressive accountant to join an entrepreneurial board of Directors in making the expansion programme a great success.

Write, enclosing C.V., in the first instance to:

Mr. G. Spedding (Director) Portland and Pentagon Inter Suite 13

Vermont House Industrial Road Oistrict 11

Washington NE37 25Q



# ADVERTISING GROUP

FINANCIAL CONTROLLER Central London £30,000 + car + bonus

A COMMERCAL WORK

A MITTATIVE AND CREATIVITY A bright, qualified accountant with flair and energy is required to head up a fast growing subsidiary in this major advertising group. Experience in a related sector is strongly

Contact Pippa Curtis on or-836 9501 ref. FI23A.

## VENTURE CAPITAL

to £35,000

A ESTABLISHED COMPANY A DRAMATIC GROWTH An established Venture Capital house requires an executive to manage an investment portfolio. Suitable applicants should

have relevant commercial experience and must hold an MBA or accounting qualification: Contact Noelten Gibson on or 836 9501 ref. FT23B.

# BLUE CHIP MULTINATIONAL

**AUDIT MANAGER** 

£35,000 + Car

Surrey + Overseas A EXCELLENT CARGER DEVELOPMENT A INTERNATIONAL TRAVEL

A HIGH PROFILE ROLE A high calibre ACA with PQE in public practice or industry/commerce is sought to lead operational audit/investiranons worklwide."

Contact Pipps Curtis on 01-836 950s ref. FT23C.

# **FAST GROWING RETAIL COMPANY**

HEAD OF FINANCE

A COMMERCIAL FLAR Entrepreneur seeks qualified accountant with strong personality, commercial acumen and drive to assist with the maning of the business as well as spearheading the complete finance function. Experience in industry/commerce is a pre-

Sease water to Peter Green enclosing CV at DLA...

# PROPERTY COMPANY

GROUP FINANCIAL CONTROLLER to £35,000 + CAT

### A FAST MOVING ENVIRONMENT

▲ DECISION MAKING ROLE Expanding Development Company seek recently qualified Accountant to manage the group finances. Candidates should be commercially aware with some business experience. Contact Denise England on ox-836 9501 ref. Ff23E.

# **CORPORATE FINANCIERS**

City

£35,000

to £40,000

A MERCERS + ACQUISITIONS

High flying accommunits or lawyers with investigations or corporate finance experience can perform exciting front line work finance raising with this major institution. Contact Deborals Sherry on 01-836 950x ref. FI23E

# STRATEGIC CONSULTANT

to £38,000

A US CONSULTANCY → CLEATIVE

There are opportunities for very high calibre graduate accountants to join an international strategy consultancy as rainee consultants. Ideally you will be aged 26-28 and have strong intellectual and interpersonal skills.

Please send CV to Trevor Atkinson ACA at Douglas Llambias Consultancy Services, Prespost, 410 Strand, London WCaR off ref. FT23G.

# FINANCIAL SERVICES COMPANY

FINANCIAL CONTROLLER

South London Package £28,000 A STRATEGY BASED A INTERNATIONAL MARKET

A KIGKEY PROFITABLE A business orientated accountant is required for this high profile role for general reporting and advisory work. As the point of contact for financial matters for the company, the

position offers great scope and variety. Contact Liz Osborne on 01-836 9501 ref. PT23H.



LONDON 01-836 9501 MANGRESTER 061-236 1553



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A CONTRACTOR

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# Group Financial Controller

to £35,000+Car

N.W. London

Our client is a small manufacturing and retailing group and plc, with a high reputation for quality. The company enjoys sustained growth and has a current turnover of about £5m, with plans for further rapid expansion.

A Group Financial Controller is to be appointed to control and develop the Company's A toroup remended controller is to be appointed to control and development of financial accounting and financial affairs, and to play a central role in the development of financial strategies related to future growth. The person appointed will elso ect as Company Secretary to the Group, and as Finance Director and Company Secretary for its trading subsidiaries. It is envisaged that appointment to the Main Board would follow in

due course.

The post calls for a qualified accountant with experience heading the accounting function of a small to medium sized company, preferably in manufacturing and retailing.

An affinity for computers is essential, it is unlikely that anyone under 35 will have had

An affinity for computers is essential. In a sufficient experience, sufficient experience, Reporting to the Mein Board, the Group Financial Controller will be supported by a small team and be responsible for accounting at the Company's London and Midland locations. There is an excellent salary, related to experience, and benefits include a 2 litre car, pension actume, health insurance, and share option scheme.

Please reply in confidence, with a full CV including salary details and a daytime telephone number, quoting reference 1580, to Roger Bult at the address below, or telephone him on 01-583 3303.

**BDO Binder Hamlyn Management Consultants** 8 St. Bride Street, London EC4A 4DA

# A tough and resilient Financial Planning and **Analysis Manager**

BINDER

HAMLYN

Central London: c. £27,000 + Car and possibly more

The company is among Europe's largest information Technology providers and manufacturing is a significant vertical market, generating over £100 million a year. The division is undergoing rapid expansion and the finance function must ensure the process is orderly and profitable.

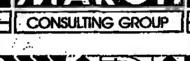
A key player will be a new Financial Planning and Analysis Manager. This is essentially a Chief Accountant role and the ideal candidate must be capable of understudying the busy and energetic Financial Controller. Graduate level intellect, an accounting qualification (preferably ACMA) and a firm grasp of the latest practices and standards are clearly called for but the job has other, crucial dimensions.

These include total immersion in rapidly evolving management policies to ensure the accounting function.

stays ahead of the game, leadership of a talented team in delivering a superb service, and calm mastery of the pressure and turbulence endemic in the IT business. Integrity, presence and communication skills, gained from around ten years professional experience, are assumed and those with solid IT industry exposure will attract the upper end of the salary scale.

This job is not for the faint-hearted but the rewards, in terms of the sheer intensity of professional development and the scope for rapid career progression, are unrivalled.

Please send full career details quoting Ref. AR4008 to: lan Patterson, March Consulting Group, March House, 13 Park Street, Windsor, Berkshire SLA 1LU. Tel: (0753) 869346.



# FINANCIAL EXECUTIVES

# £ competitive plus generous benefits

3i Ventures is a part of 31 Group which specialises in investing both money and management expertise in the early stages nf husiness ventures with high growth putential and typically enumensurate risk. The division operates in the UK and US and has grown en impressive and successful portfulin of enumerates, principally in the iT and heelth cere sectors, giving it an unrivalled reputation in the venture capital

We are now linking to etrengthen our small UK team through the appointment of two experienced financial executives. You are a experienced financial executives. Ynu are a qualified Accountant in ynnr late 20's/early 30's; with at least S. years' pnst-qualificatinn commercial nr industriel experience and a gnod academic track record. Empathy with fast-grnwing technology husinesses and

atrnng inter-personal skills are essential.

Your rule will he to work with your enlleagues in the financial eppraisal, structuring end subsequent menagement of potential investments. You'll liaise with nther syndicate membera, be involved in a wide range of due diligence issues and assist enmpanies with their financial plans and

The rewards will reflect your experience and putential. Salary is negutiable and a genernus henefits paekage is



INVESTORS IN INOUSTRY



# A challenge in finance, property and business

# FINANCE MANAGER

# Central London

To £27k+Bonus+Car

LEntA Business Space is an expanding company owned by Barclays Bank, BP, Midland Bank and Shell end since 1980 has been part of their support for programmes to regener-ete Britain's cities. Its purpose is to acquire end convert London properties into units suitable for small and start-up businesses. LEntA Business Space meintains e close working relationship with the London Enterprise Agency (LEntA), to provide small business counselling, training and advice.

The Finance Manager will be a key member of the Management Team, with responsibility for financial plan-

ning end reporting as well as overseeing the eccounting and computer systems.

In addition to et least 2 years' post-qualification experience, you will need entrepreneurial flair and a thorough grasp of wider business issues. Preferebly coming from a property background, you must be computer literate and have good

If you are e self-starter who would enjoy the challenge of e growing business environment, please send a copy of your CV to The Chief Executive, LEntA Business Space, Rosebery House, 70 Rosebery Avenue, Landon ECIR 4RR.







BARCLAYS

# **Excellent Career Opportunity**

# **Group Financial Controller**

### **Telford**

Our client, Wagon Industrial Holdings plc, is fast growing and dynamic. The Group is involved in a broad range of manufac-turing activities and has a well defined corporate strategy. The long term prospects of the Group are excellent, and narrower is in excess of £200m.

An opportunity has now erisen for a talented accountant to join the Group as Group Financial Controller. This position will demand the ability to deal effectively with all technical issues inherent in consolidations as well as the commercial skills to management of the Group.

Suitable candidates will be qualified accountants, ACA, ACMA, ACCA, probably aged between 28-35.

with an excellent track record and the personal skills necessary to act as an interface between the Head Office and subsidiarie This role affers superb experience for an able and ambidous

accountant to play a key role in a small and highly effective Head Office team In return for your talents the Group offers a generous salary package. If successful in this role the career opportunities may

be to progress to main board level. Interested candidates should write to Tony Hodgins ACA.

Executive Division, enclosing a comprehensive curriculum virae, at Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST.

### Michael Page Finance International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

# **Finance Director**

# NORFOLK/SUFFOLK

### To £30K + CAR + EQUITY PARTICIPATION

This young established and go ahead office equipment dealership now requires a commercially atuned. Finance Director, With its recently obtained venture capital backing, the Group is now poised for further rapid growth, and is expected to reach o turnover in excess of 15 million next year. Future prospects include further expansion both organically and by

As Finance Director you will be a member of the Board to assist in the commercial development of the

Group. You will be particularly responsible for organising and managing the finance and administration function, with an emphasis an producing timety management and accounting information, budgetary control and planning. You will also act as the main interface between the Group's financial advisers and its venture capital investor.

probably be aged 28 - 35 with at least five years' of commercial experience. Personal attributes must include high

levels of energy, interpersonal skills and business acumen.

Résumés, with daytime lelephone number and current salary please, to Chris Howorth, ref CH520, Coopers & Lybrand Executive Resourcing, Abacus House, Castle Park, Gloucester Street, Combridge CB3 0AN



# PREDENTIAL HOLBORN

# Finance Manager

Life & Pensions Leading Financial Services Industry

Central London To £28,000, Car Excellent Benefits Prudential Holborn is specifically dedicated to providing the highest standards of investment, edvice and performance to the high nett worth sector. This rapidly growing organisation offers a stimulating key role, created by a climate of expansion to meet the needs of a competitive market.

The successful candidate will assume total responsibility for the Financial Accountancy operations of their innovative, life and pension business areas.

areas.
Supported by a high calibre team you will control co-ordination and production of all accounting information, and demonstrate an ability to contribute to the profit-making process.

The ideal candidate will offer a minimum

The ideal candidate will offer a minimum of two years post-qualification experience and display knowledge in Life and Pensinne Accounting procedures. Personal qualities will include an ambitious, self-motivated individual who can meet deadlines and contribute fully to the financial function.

Excellent apportunity for advancement within Britain's largest financial services group.

Candidates should submit in confidence e comprehensive c.v. or telephone for a Personal History Form to: B.E. Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 

# Hoggett Bowers

BIRMINGRAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR

# **CHIEF ACCOUNTANT**

The British Newspaper Printing Corporation is part of the dynamic Maxwell Communication Corporation and operates in a high profile environment using leading edge technology printing facilities to produce the Mirror Group Newspaper titles in addition to other publishers' titles.

The demand for good, professional financial management is as strong as ever; subsequently we are now looking for an experienced Chief Accountant to take full responsibility for the Head Office Finance function, consolidation and statutory accounts, cash control and the maintenance of company accounting standards.

To assist with this crucial role, you will have an experienced team of seven people enabling you to concentrate on developing management information systems controlling major supply contracts and the general management of the Head Office accounting records. In addition you should have the experience to design and implement a new computerised accounts system.

For this highly responsible position you will preferably be a Chartered Accountant with strong financial accounting skills and some systems development and implementation knowledge, it is desirable for you to have some previous industrial experience and good interpersonal and man-management

In return you will receive a substantial benefits package, including company car, which will be at the level you would expect from a company that breeds so much

If you think this is you, send your CV with details of current salary to Mr G M Bentley, Head of Personnel, British Newspaper Printing Corporation (Watford) Ltd., St Albans Raod, Watford, Herts. WD2 5RD.



British Newspaper Printing Corporation plc

### NEWCASTLE INTERNATIONAL AIRPORT LTD. MANAGING DIRECTOR £45,000 p.a. (to be reviewed in April)

The Managing Director is an Executive Member of the Board of Directors and has responsibility for the control of the Company's functions and objectives as defined in the Business Plan. The postholder is, et the moment, assisted by a Director of Operations and a Director of

Located 6 miles north of the City of Newcastle upon Tyne, Newcastle International Airport is a major regional airport and became e private limited company on 1st April, 1987. It handles approximately 1.5m. passengers each year and is currently undertaking a series of major schemes to improve existing facilities and upgrade operational equipment.

The postholder is granted use of e Company car and relocation expenses are payable in appropriate cases.

Applications are invited for this key post of Managing Director which will become vacant in July 1989 fallowing the retirement of Mr. J. H. Denyer, the present

An Application Form and a detailed brief describing the post, the resources and nbjectives of the Airport and the staffing structure are available from Mr. E. B. Lincoln, Airport Legal Adviser, 14 Northumberland Square, North Shields, Tyne and Wear NE30 iPZ. (Telephone No. 091 257 5544.)

The closing date for applications is 20th March, 1989.



Appointments Advertising appears every

Legal Appointments
General Appointments
Accountancy Appointments

# **Financial Controller**

SOUTH MIDDX, c.£35,000 + BONUS + CAR

A large and very successful American corporation, who are majo international players in the hair care and toiletries field. have recently started up in the UK with the launch of its branded products. Well researched and backed by impressive advertising compaigns, the products have already been accepted by a number of major multiple retailers where sales are proving to be very strong. The American parent sees this new venture as a long term strategic investment, with further developments into other lucrative European markets to follow

The Managing Director of this new venture requires o Financial Controller to be an active participant of his small management team, collectively responsible for driving the business

through its early growth stages and eventually establishing it as a fully fledged subsidiary. You will be required to develop fully the financial and occounting function with an emphasis on the production of sound management information for controlling and planning the commercial success of the venture, including the monitoring and financial management of third party manufacturing, distributing and setting.

A qualified accountant, probably aged early 30's, ideally you should have a background in a multi-national packaged goods fracg business, preferably in folletries, in addition to small company experience. As an individual, you must be o 'hands-on' and positive person with an

enthusiastic, entrepreneurial personality able to withstand high pressure in coping with the formation of the new company in a rapid growth situation.

Résumés, with daytime telephone number and current salary please, to Chris Howorth, ref. CH958. Coopers & Lybrand Executive Resourcing Limited. Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive



# Finance Director

Liverpool C £26,000

\* the menagement and motivation of the finance staff This is an ideal opportunity for Our client is a leading educational establishment in the City of Liverpool who is looking ahead to the challenge of the 90's. They are now seeking to appoint a compound the support of the innertant the little of the innertant.

commercial challenges they are facing. Your key objective on taking up this position will be to assess the current financial systems and controls and implement changes where necessary.

In addition you would be responsible for: \* the day to day running of the finance

function \* the negotiation of funds from external

who will lead them through the important

an ambitious finance professional to actively contribute to the organisation's actively contribute to the organisation's success. To have gained the relevant experience you will be aged 30+ with a recognised professional qualification. You will have had the opportunity to operate at senior management level and faced the challenges of implementing change within an organisation. ing change within an organisation.
Personal attributes are equally

important and you should be able to demonstrate outstanding communication skills, the ability to motivate and ead a team of staff and the desire to implement change.

in return the position offers a competitive salary, 30 days holiday per year, relocation assistance where applicable and the opportunity to work

with a close limit team within the developing city of Liverpool.

Candidates should write including full career and salary details quoting reference MCS/8859 to: Penny Stocks,

Executive Selection Division Price Waterhouse Management Consultants Livery House 169 Edmund Street Birmingham B3 2JB

Price Waterhouse



# Financial Controller

Television/Film Production Package to £29,000 West London

An exceptional opportunity has arisen for a young qualified accountant to take a key role in the dynamic area of television sports programming. The company is the UK subsidiary of the recognised world leader in this area which has enjoyed an unparalleled record of continuing

The role will be to ensure effective and efficient controls in a fast moving. rapidly expanding environment and to provide financial expertise for a high powered and extremely

entrepreneurial management team. You will be a qualified Accountant with a minimum of two years postqualifying experience ideally gained in a media/broadcasting environment. Experience in production accounting, working to strict projects and tight deadlines is especially sought. The

ability to remain clear-thinking and to show considerable initiative under pressure is essential.

Please write enclosing a CV to Christopher Bainton quoting reference MCS/2032 at:-**Executive Selection Division** 

Price Waterhouse **Management Consultants** No. 1 London Bridge

London SE1 9QL

Price Waterhouse



# **Financial Director**

### **North West**

Our client is a highly profitable subsidiary of a dynamic and rapidly expanding UK plc. A policy of strategic acquisitions, coupled with significant capital investment in existing operations, has resulted in a growth rate which has taken group turnover to c£300m p.a.

Internal promotion has created the need for a Financial Director to assume total responsibility for the finance, data processing, company secretarial and administrative functions. This is a key appointment. within the senior management team and as such you will be expected to make a significant contribution to the broader aspects of business management

Candidates, aged 30+, should be qualified accountants, preferably with a relevant degree, who can demonstrate sound

c£30,000 + Car

industrial experience, ideally gained in a manufacturing environment, together with a high degree of maturity and a track record of innovation. In addition to technical ability, well developed interpersonal skills and intuitive commercial acumen are pre-requisites.

The remuneration package comprises a competitive basic salary plus performance related bonus and a fully expensed company car. Relocation assistance is available where appropriate.

Interested applicants should contact Iain Blair ACMA. quoting ref. 3091 at Michael Page Finance,
Executive Division, Clarendon House,
81 Mosley Street, Manchester MZ 3LQ.
Telephone 061-228 0396.

# Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle upon Tyne Glasgow & Worldwide

# FINANCIAL CONTROLLER £27,000 + carWorthing

Market leaders both in the UK and the rest of Europe, our client manufactures high quality electronic control instrumentation and is a key subsidiary within an international UK plc collectively designing and manufacturing control systems and equipment for wide industrial and manufacturing applications.

Reporting to the Finance Director the position of Financial Controller is an outstanding opportunity for a young qualified to take day-to-day responsibility for the finance department and for the provision and development of financial and management accounts during a period of significant projected growth. Suitable applicants will be fully qualified, aged 24-32, with excellent financial and systems skills gained within a manufacturing environment. Costing experience is essential as an early project will be the detailed review and development of current systems.

The commercial acumen and interpersonal skills necessary for success in this position will ensure future prospects within this dynamic high-growth environment. Please write enclosing your CV or telephone Richard Warner.

MANAGEMENT PERSONNEL York House, Chertsey Street, Guildford, Surrey GU1 4ET Telephone 0483 65566 (0252 724671 evenings)

Management Personnel LONDON • GUILDFORD • ST. ALBANS • WINDSDR NEWBURY • BRISTOL • CAMBRIOGE

# Finance Director Satellite Broadcasting

c. £45,000 + Bonus + Car London

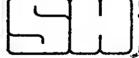
provide a 24 hour satellite television service, which covers the whole of Europe and targets itself at young adults. Based in London, the European operation has achieved rapid growth since its inception in 1987 and confidently expects this expansion to continue into the

They need a Finance Director to manage the financial and administrative aspects of the business whilst ensuring that the ambitious, yet attainable, growth targets are maintained. The Financial Director will report directly to the Managing Director and will be responsible for an accounts team of ten. The role will involve a heavy emphasis on planning and strategy and will include advising the Board of directors on the financial and market implications of their decisions.

Our client is the European representative of a highly Given its current levels of growth, this position offers travel.

> This is a unique opportunity for a commercially minded, energetic and diplomatic professional with the ability to succeed in a fast-moving, dynamic environment. Candidates should have had at least five years postqualification experience, preferably gained within the entertainment industry, although this is not essential. The ideal candidate will have a bright, outgoing personality, excellent interpersonal skills and the ability

A salary of about £45,000 is offered together with a substantial bonus, car and private health scheme. Please write in confidence to Jane Woodward at the address below, quoting reference SHA 1262.



# **Stoy Hayward Associates**

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON WIM 1DA

### FINANCIAL CONTROLLER (Director Designate) N. London. £25K + Car

Our clients have established an excellent reputation for imaginative design and quality manufacture in the field of Aluminium Engineered Structures and Products.

A solid business base highlighted by involvement in some of the more innovative and high profile building projects in recent years gives an interesting mix.

Recognising the importance of strong financial and administrative management in the next expansion phase the Directors seek a Qualified Accountant with experience gained in the construction (or similar) industry ideally including contracting.

Essentials are the ability to upgrade financial control and management systems (computerised), head an effective accounts/admin. team in three seperate sites and contribute strongly to the management structure.

For further details telephone Pat Redfern on 0403 51289 or send a meaningful C.V. to:-

Redfern Associates, 27 Laughton Road, Horsham, Sussex RH12 4EJ

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# **Location Negotiable**

c£25,000 + Bonus + Car

Our client is a marketing led public group which has expanded rapidly over recent years both through acquisition and organic growth. Their interests are diverse and include manufacturing, distribution, retail and

**INVESTIGATIONS ACCOUNTANT** 

Continuing growth (both in the U.K. and Europe) combined with the increasing complexity of the group's activities have led to the requirement for a senior manager to improve the existing management structure by introducing an in-house proactive consultancy arm.

Reporting directly to the Group Finance Director your brief will be to undertake commercially orientated investigations at subsidiary companies, which will include the examination and appraisal of management information reporting systems. Other projects such as acquisition work will be carried out on an ad hoc basis.

There will be considerable liaison with general management at subsidiary level and hence it is imperative that the successful candidate can communicate effectively and if need be initiate and implement action

Candidates will be ambitious qualified accountants possessing a mature and profit motivated approach combined with a strong and tenacious

The geographical spread of the group's subsidiaries together with the amount of travel and time away envisaged in this role dictates that home location is not of prime importance although a base within travelling distance of the Midlands or Yorkshire would be useful.

Our client offers an attractive remuneration package combined with excellent career prospects at senior level.

For further information please contact Alyn Pearce ACA quoting ref. 89\$/353FT at Daniels Bates Partnership Ltd., Yorkshire Bank Chambers, 11A Smithy Row Nottingham NG1 2BY or telephone him on 0602 483321

anes 201162 

# WHITBREAD

# DIT MANAGER

Central London c.£45,000 + car

Our client, Whitbread Plc, is a major force within the UK retail and leisure industries and is expanding into overseas markets. Turnover currently exceeds £1.5 billion.

The function of the audit department is to give reassurance to the company's executive on the management and control of autonomous business units and to identify and recommend profit improvement oppor-

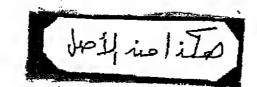
An experienced manager is required to head up a sizeable audit department of qualified staff reviewing systems, controls and policies throughout all business areas and appraising strategic issues.

Preferred applicants will be chartered accountants aged around 35 with an audit background ideally with a retail and fince bias. It is essential that applicants have a good commercial approach and the credibility to deal with board members and senior management and to progress to a senior line position within three years of appoint-

Please send career and personal details quoting reference F/019/A to Carrie



Ernst & Whinney Executive Recruitment Services Becker House, 1 Lambeth Palace Road, London SEI 7EU.



# Develop your financial skills with an international group

London, W1

c£27,000+Car+Benefits

We are the autonomous British subsidiary of a Western European energy group, one of the 'Majors' of the oil industry. Firmly established in this country for some twenty-five years, our exploration and production activities in the key area of the North Sea have kept us at the forefront of our sector.

An excellent opportunity has arisen at our London Headquarters, which will carry responsibility for the group financial accounting function of a highly profitable £200 million turnover business. The successful applicant's key tasks will include direct responsibility for a team of 8 finance staff, management of the periodic financial and statutory accounting functions, sales accounting, and group reporting requirements. Additionally, you will be expected to develop relationships with

financial and operational management, in both Aberdeen and Paris.

Applications are sought from qualified Accountants, aged 26-35, with a minimum of two years' post qualification experience gained in an industrial or commercial environment and a sound knowledge of current U.K. statutory/financial accounting practices. To find out more about the role and the company please contact Gerard Davies on 01-831 2000 (evenings and weekends 01-367 6412) or write to him at the Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Alternatively, applications may be faxed on 01-831 2612.

Neither names nor details of interested individuals will be disclosed to the client without express permission.

Michael Page Finance

International Recruitment Consultants
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# **Dataquest**

a company of The Dun & Bradstreet Corporation

# **European Financial Controller**

To £28,000+Car+Benefits

Dataquest is the world leader in the production of high technology market research. Formed in 1971 it has serviced a rapidly expanding base of blue-chip clients by providing information to assist in the development of product/marketing strategy, corporate planning, venture capital and new business ventures.

They wish to appoint a European Financial Controller to assume specific responsibility for the development of management information. In addition, as a member of the management team, the successful candidate will be expected to contribute significantly to the profitable development of the business.

Applicants aged 27-33, will be qualified accountants who can demonstrate achievement in their careers to date coupled with a positive approach and welldeveloped interpersonal skills.

Travel is anticipated to locations including California, Paris and Munich and some business French would be an advantage, although this is not

Interested candidates should telephone Barbara Burke on 01-831 2000 or alternatively, write to her at Michael Page Finance, 39-41 Parker Street,

London WC2B 5LH. quoting ref. BB26.

Michael Page Finance

International Recruitment Consultants

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Manchester Leads Newcastle-upon-Tyne Glasgow & Worldwide

# **Financial Controller**

NORTHAMPTON, c£24,000 + CAR

This position is with the County Commercial Services of Northamptonshire County Council. It has recently been set up as a new department with responsibility for conving out various established trading activities of the County Council, in the first instance, primary responsibility will be for the County Contracting Division which contest out the maintenance and construction of highways, grounds maintenance and control transport services with a tumover of

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You will be responsible for all financial and commercial activities within County Contracting but eventually you will also turne responsibility for the other divisions of County Commercial Services.

The scope of the position is wide in that besides the usual control over financial information, budgeting and cash control. there are emple opportunities to exercise your stdis in the areas of overall policy formulation, business improvement strategy and customer relations. This business is in the process of introducing new management information systems. improving the monitoring of business plans and generally raising the profile of the finance department with operating

You will be a qualified accountant, probably in your tate 20's or early 30's, commercial in approach and with good information technology skills. You should be well vessed in

problem solving and should possess good communication techniques. The remuneration package includes a car for which a private use charge will be made. Résumés pieces, including doylime telephone number and indication of present solary, to John Blioti, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birminghom

**Executive** 

Coopers Resourcing & Lybrand

# FINANCE DIRECTOR

North West

£30-35,000 + profit-related bonus + car + benefits

Our client is a highly successful engineering company (T/O 25m) manufacturing a range of high value specialist machinery for international markets worldwide. Part of a dynamic US parent, it attributes its rapid growth to a sophisticated product range and to the quality and commitment of its people.

The Managing Director now seeks to strengthen the senior management team with a commercially-orientated Finance Director of outstanding calibre. Your sound judgement, your technical skills and experience, as you will environment, or in the profession.

play a key strategic role. Supported by a small department you will be fully responsible for all financial controls and systems development, as well as all secretarial, treasury and legal functions. The full scope of your role will reflect your own involvement, ability and determination, and your brief will be as wide as your you can handle.

Aged in your 30's and almost certainly ACA, ACMA or ACCA qualified, you will have gained a number of years financial experience at senior energy and flexibility must match the quality of level, either in an engineering or manufacturing

For the right candidate, career prospects are excellent, and relocation expenses will be offered where appropriate. Please apply in writing, enclosing a full Curriculum Vitae, to the company's advisor, Sharon Turnbull, Mercuri Urval Limited, Ship Canal House, Kings Street, Manchester M2 4WU, quoting ref: 71/89.

Mercuri Urval

A key role for an agent of change

Gillingham, Kent.

Our client is a highly successful business unit within a major UK industrial group. The group as a whole is enjoying the benefits of extensive restructuring and is taking full advantage of the international development of its markets.

In response to this challenge, we now wish to recruit a qualified accountant. He/she will create a programme to develop the financial accounting function, a key element of which will be the enhancement of internal controls: Along with the management of his/her department, the successful candidate will also be expected to undertake ad hoc assignments many of which will involve working alongside senior personnel both in the UK

c.£27.000-£32,000+car

The successful candidate is likely to have at least two years' post-qualification experience gained in industry and will probably be in the age range 27 to 34. He/she should be able to demonstrate a record of improving systems along with strong man-management skills.

The group is recognised for its extremely impressive career development record.

plan

Anthony Jones, Career Plan Ltd., 33 John's Mews, London WCIN 2NS, tel: 01-242 5775. (or 01-348 3641 between 7.30 pm and 9.30 pm).

Personnel Consultants



# YOUNG QUALIFIED ACCOUNTANT

Global strategy and troubleshooting

London

£25,000 + Car + Overseas Travel

Turning over £1. billion worldwide, this well established yet fast growing US-owned company dealins, manufactures and markets a high quality range of office and home furnishing products. Over the last few years, they have consistently set record sales and profits, both through organic growth and recent Reporting to a Divisional Business Manager, this is a challenging position, separate from the company's conventional accounting functions and central to its operational success. In addition to preparation and monitoring of annual budgets and 5 year plans, key elements of the role include:

▲ 25% international travel, troubleshooting in North America and Europe.
 ▲ Heavy involvement in new product development, from research and strategy to market and competitor analysis.
 ▲ Acquisition investigations and performance appraisals.

Alderwick Peachell BPARTNERS LTD This role would ideally suit a recently qualified accountant, but exceptional newly qualifieds will be

considered. A highly commercial outlook is essential.

Career prospects are excellent and include the opportunity within 2 years to take on a subsidiary controllership, either overseas or in the UK. There is also the chance to move into general management for further details, please contact ANDREW LIVESEY on 01-404 3155, or write to him at Alderwick Peschell & Partners Ltd., Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA.

### Opportunities in Investment Banking for Accountants

We need two ambitious, recently-qualified accountants with a strong commercial awareness. You should ideally have previous experience of investment benking products although emphasis will be placed on initiative and enthusiasm.

Swaps Accountant

You will provide support for swaps trading operations in the major financial centres, working closely with the New York Swaps Accounting unit. Reporting to the head of Swaps Accounting, this is a key position for a product where we are a world leader both in volume and innovation.

Project Accountant As part of a small team devoted to providing a wide range of accounting.

tax and operational support to all areas of the group, you will report to the head of the Accounting Projects unit. We provide a competitive salary and comprehensive benefits package. The opportunities for career advancement are excellent. Previous holders

of both positions have achieved senior financial and operational positions within the group both in London and New York. Manufacturers Hanover was the first U.S. bank to establish an investment benking capability in London and together with its operations located in New York, Tokyo, Frankfurt, Hong Kong and Sydney, the Investment Banking Group provides comprehensive origination, trading, distribution and related advisory services to corporates, financial institutions and governments worldwide.

Write now to the address below with your C.V. to apply for these career opportunities. John E. W. Barnford

Vice President Manufacturers Hanover Limited 7 Princes Street London EC2P 2EN

The Investment Banking Group

### EXPERIENCED SENIOR ACCOUNTANT FINANCIAL CONTROLLER

AGE 35-55 CENTRAL LONDON

The Design Council is an independent but government sponsored organisation dedicated to improving product design in British industry through a wide range of commercial and subsidised services. The Council is undergoing rapid change to implement best management practices and maximise value for money throughout a regionalised network centred in London.

The Financial Controller will be a key member of the Council's senior management team and will be expected to play a constructive role in helping line management to raise performance across activities such as publishing, book retailing, campaigns, training, and specialist consultancy.

Applications are sought from personable qualified accountants with broad commercial experience and a flexible outlook who can adopt a hands-on approach and develop new micro-based systems with mini-computer back up.

The salary will be up to £30K, and there is an excellent noncontributory index-linked pension scheme. A car is not provided but a generous mileage allowance is payable to car

Further details are available from Lynda Anderson, Personnel Officer, on 01-839 8000 extension 4031. Detailed CVs should be sent to her at-The Design Council

28 Haymarket London SW1Y 4SU An equal opportunities employer

DESIGN

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- Legal Appointments Monday Wednesday

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appears every

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Accountancy Appointments

# FINANCE DIRECTOR

**TEXTILES** 

Salary £35,000 (with equity option)

Well established garment manufacturing company, £11m turnover, with ambitious plans to grow organically end by acquisition.

Need to strengthen management buy-in team by appointing an F.D. who will report to the new Chief Executive.

Successful epplicant will be:

- Dynamic qualified accountant with strong interpersonal skills, probably in his/her early to mid 30's.
- Experienced in corporate finance and acquisition.
- Fully familiar with manufacturing accounting procedures including computer software systems.

Locations - Leicester and Newcastie. Existing accounts staff of 12.

Package will include an equity interest after initial trial period as well as usual benefits package.

Please write in the first instance enclosing a C.V. together with details of current position and salary to John Clemmence FCA, ATII, Finnie & Co. Bridge House, Westgate, Leeds, LS1 4ND (telephone 0532 - 442331).

# FINANCIAL SERVICES **AMBITIOUS ACCOUNTANTS** FOR FINANCIAL CONTROL

SUSSEX

Package c£25000 to c£30000 + Car

Our client is a major autonomous division of a household name company. Operating in a highly competitive and growing market, our client has grown rapidly through the provision of a wide range of high quality financial services aimed at both private and institutional investors.

Following a major reorganisation and in anticipation of further growth, these positions have been created to ensure that the highest levels of financial control and management are maintained. These are high profile roles demanding exceptional technical skills and, of vital importance, the ability to flaise effectively with senior management.

The successful candidates will be qualified, preferably Chartered Accountants, who seek a genuine career move and who can clearly demonstrate a high level of academic and professional achievement. Although a distinct advantage, previous experience in the financial services sector is not essential. Age indicator 27-35.

Based in modern offices in an attractive Sussex town with good

communication links, the company offers a competitive salary, excellent fringe

JOHN KNIGHT 01-387 8118



For further details send your C.V. or telephone:

benefits, including assistance with relocation if appropriate.

Consultancy) Ltd 81-103 Euston Street

# FINANCIAL CONTROLLER

AUTOMOTIVE SERVICE SECTOR

Herts, Country House Head Office £25K min + Bonus + Rover 800 + Bens

Engaged in a major drive for growth over the next three years, the company is looking for someone with the energy and self motivation to match its plans.

Reporting to the financial director, the individual will have the experience to manage a large department successfully, the strength of personality to operate effectively at board level, and the judgement required to show director potential.

The successful applicant will be a commercially experienced qualified accountant, probably 25 to 32, and will be responsible for:

MIS review, computer systems, management reports, budgeting and forecasting, credit control.

Full CV and phone number to Box A1158 Financial Times, 10 Cannon Street, London EC4P 4BY



# Apple Computer Europe

# International Audit Manager

### Paris Base

With a turnover of approximately \$1bn and a growth rate in 1988 of some 80%, Europe represents perhaps the most exciting and dynamic region within Apple Computer. In view of the increasing importance of the region, the position of International Audit Manager is being created.

Reporting directly to the United States and the Business Development function, the candidate will be responsible for recruiting his or her own audit team to examine strategic and operational issues as well as reviewing the financial controls and internal procedures of the subsidiaries. Assignments will be performed mainly in Europe but may also extend to special projects in the Pacific region (around 50% travel should be expected). The ideal candidate should have a strong background in a professional audit firm

and subsequent multinational experience

£65-75k + Car + Stock Options

either within internal audit or financial control. Exceptional candidates within the profession will, however, be considered. Knowledge of European languages will be an obvious advantage.

As the selected person will be a true business partner of the various local management teams, the position could lead to senior management opportunities in other functions throughout the Corporation.

Please contact Ivor Alex in strict confidence in Paris on (010) 331 42 89 30 03 or write to him enclosing a comprehensive curriculum vitae and quoting reference no: IA 1513 FT at

Michael Page International, 10 rue Jean Goujon, 75008 Paris, France.

Michael Page International

International Recruitment Consultants Insterdam Eindhoven Brussels Paris Lyon Sydney

# 'Commercial' Accountant/MBA for 'No.2' Finance Role

Age 28-32 Manchester

Our client is a 'household name', rapidly expanding major plc with extensive European operations. The Group has a strong reputation for its aggressive, 'financially driven' dynamic management which has made it a leading company in the consumer and corporate service sector.

It seeks an energetic, self-motivated and highly commerciallyminded young individual to manage the Financial Planning function for the UK operations (t/o £100m) of one of its divisions. Reporting to the Financial Director, you will be supported by a small number of staff and you will be a key member of the senior business

Your responsibilities will include the preparation of annual and long-term plans, monitoring and critically appraising operating results, producing forecasts of performance and identifying and implementing profit improvement opportunities. You will work closely with the commercial functions advising on business opportunities and also undertake ad hoc projects for the Finance

c.\$30-35,000 (inc. Bonus)+Car

Director and Managing Director including acquisition reviews.

Additionally, you will liaise with the Senior Management Team on establishing and recommending revisions to pricing policy.

This is an exceptionally visible and business-orientated finance role giving very high exposure to operations which should provide a sound springboard to a Finance Directorship or other senior commercial role within the Group.

You will be a qualified Accountant or MBA with relevant experience gained in a commercial, highly-disciplined environment, ideally in the frace or service sectors. You will also be self-confident but tactful, a team-player, a good communicator and possess strong powers of persuasion.

If you can rise to the challenge of this role you should write, enclosing a current CV and salary details, to Harry Chryssaphes, RA, MBA, FCA, at: FMS, 14 Cork Street, London WIX 1PF (Tel: 01-491 3431).

**Financial Management** 

# REASURY OPERATION MANAGER

National & Provincial are continuing to expand their Treasury Operations team by appointing a Manager who will report directly to the Treasurer.

He/She will develop treasury settlement, accounting and administrative practices to embrace multicurrency and multi-company procedures. In addition to managing the Treasury Operations function an essential element of the role will be to enhance current procedures to embrace future I.T. strategy. Possessing thorough experience of operating within a multi-currency environment you will obviously need a high level of numeracy and a contemporary vision of the financial needs of the organisation.

The highly attractive salary package is indicative of the importance of the role and will include a company car, immediate concessionary mortgage, optional contributory pension scheme, BUPA and relocation assistance where necessary.

Please write with full details to: Mrs Angela Stevens, Personnel Department, National & Provincial. Building Society, Provincial House, Bradford BDI 1NL. Tel: (0274) 733444.

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NATIONAL & PROVINCIAL BUILDING SOCIETY

# FINANCIAL CONTROLLER

c£28,000 + Car + Benefits

Reed Plastic Containers, a member of the Reedpack Group, the UK's largest management buyout to date, is a market leader in the field of rigid plastic packaging and has modern factories at Oakham, Corby and Blackburn. With a tumover in excess of £25m and an excellent record of profitability, our commitment to continued substantial investment has resulted in expansion and increased market share which we feel has created an ideal environment for personal development and achievement.

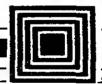
Reporting to the Managing Director and responsible for 13 staff, you will assume overall control of the accounting and data processing departments ensuring the achievement of

efficient and effective financial management for all three factories.

Additionally, as a senior member of the management team, you will make a significant contribution to formulating and implementing the company's strategy for its future

Candidates must have a professional accountancy qualification, preferably coupled with a degree and at least four years experience gained within industry.

Write with full c.v. to Mrs: Jenny Langley, Personnel and Pensions Officer, Reed Plastic Containers, Kilburn Road, Oakham, Rutland, Leicestershire LE15 6QL. For more information tel. (0572) 723771.



**REED PLASTIC CONTAINERS** 

### FINANCIAL ACCOUNTANT **£18,000 + bonus** W. London CBS/Fox Video is probably the most exciting and

successful distributor of high quality feature films for home entertainment. With a dominant share of the rental market, the

company is positioned to maximise its presence in the sell through sector. The appointee will assume responsibility for maintaining/improving efficient controls of a sophisticated range of accounting operations,

providing guaranteed support to the Financial Controller. Part qualified candidates, in their early to mid-20s should provide evidence of sound administrative skills, a good working knowledge of Lotus 1-2-3, together with in-depth accounting experience.

Whilst the remuneration package includes excellent benefits, there will be the attraction of working in a fast moving environment in a company committed to vigorous expansion within the entertainment industry.

Interested candidates should apply, in complete confidence, to:

HENRY PRATT ASSOCIATES, Morritt House, 58 Station Approach, South Ruislip, Middlesex HA4 6SA. Telephone 01-841 7151.

### **Appointments Advertising** appears every

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### **BUSINESS/CORPORATE TAX MANAGER** £35,000

able). Please call David Paton 580-5522, or alternatively write to:

Executive Search Division
Hynes Associates, Wells House, 77-79 Wells Street, London W1.

(where needed), car and a range of benefits.

# GROUP FINANCIAL CONTROLLER

ASA International

SOUTHERN ENGLAND

c£33,000 + CAR + BENEFITS

Our client is one of the leading independent brewers in Southern England with a long tradition in brewing and public bouse management. More recently, their activities have extended to property investment and their growing commitments now necessitate the appointment of a Group Financial

This key appointment is crucial to the long term strategy of the company and provides considerable scope for career advancement. Reporting to the Managing Director, full responsibility will be taken for all group financial reporting matters which comprise: financial planning, establishing effective production control systems, computer systems development, taxation and all

Candidates will be qualified accountants with a minimum of 10 years management experience. As well as proven technical abilities, an essential quality will be strong interpersonal skills and the ability to motivate others. A generous remuneration package consists of a basic salary, relocation costs

To obtain further information, please send a detailed CV, in confidence, to Charles R. S. Cotton, ASA International Ltd, Ludgate House, 107-111 Fleet Street, London EC4A 2AB, or telephone 01-353 1244,

ASA International

# Senior Commercial **Taxation Specialist** City

to £65,000

This medium-sized City firm of Solicitors, with a strong and expanding corporate client base, offers an outstanding opportunity to a Senior Commercial Taxation Expert, to form and, in time, head a tax group.

Varied and excellent quality work already exists within the firm, particularly within the Company/Commercial and Commercial Property fields and untapped potential lies

the Company/Commercial and Commercial Property fields and untapped potential lies within the firm's broad base of clients.

A specialist of high calibre is now sought to provide a centralised tax function and develop a commercial tax practice within the firm.

Initially, the successful candidate will be located in the Company/Commercial (international/offshore aspects), acquisitions and disposals, share options, employee benefits and terminations, partnerships and tax aspects of land development.

Applications are invited from Members of the Accounting profession or others, possessing relevant tax experience in excess of five years, with developed client and management skills.

management skills.

All enquiries will be treated in strict confidence. Interested candidates are invited to write, enclosing full Curriculum Vitae, to Belinda Worlock at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH, quoting Ref. LM091. Alternatively they may wish to telephone her on 01-480 7766, during office hours, for a confidential



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INSIDE

### ICI reflects on image of success



"We could do with a good recession." That was the not entirely tongue in-cheek remark multered by a top executive at Imperial Chemical Industries, Britain's biggest chemicals company, which in recent years

has experienced a

ever, the difficulties have been more to do with Image than substance, and few people are likely to be wildly displeased with the com-pany's 1988 results. Page 28

### Germany embarks on voyage into the futures market

Germany is preparing its belated push into the highly competitive world of futures and options trading. The ultimate aim - to create a German exchange with the highest regulatory standards which will trade products that appeal to international institutions — unites all the schools of thought. But a spate of recent news has sharply upped the competitive stakes. Haig Simonian reports. Page 27

### **Cultures clash on Wall Street**

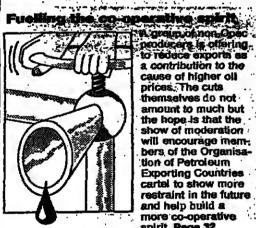


Wall Street's Image of Raul Gardini (left), chairman of the Italy's Ferruzzi-Montedison group, has been somewhat suilied by the disastrous Austrnont affair. Monted-Ison's controversial bid. to boost its control of the **Dutch Antilles aubeidiary** is an example of a colossal clash of cultures and replete with broader implications for

the way Italian companies approach the US tment community. Page 22

### Dutch courage in the

Amsterdam market Tracking the performance of the Amsterdam stock market requires a bit of Dutch courage thase days. Equity investors there have the dubious honour of being able to choose from 30 share indices. Two new indices were introduced at the start of this year, another is soon to be phased out, and the situation is proving rather confusing, writes Laura Raun. Page 46



a contribution to the cause of higher oil prices. The cuts themselves do not amount to much but the hope is that the show of moderation will encourage members of the Organisation of Petroleum **Exporting Countries** cartel to show more restraint in the future and help build a more co-operative spirit. Page 32

### **Market Statistics**

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Move int. bond issues
World commodity prices
World stock mid indicase
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buys US bank for \$282m

By David Lascelles, Banking Editor, in London

> NATIONAL Westminster Bank, the largest UK clearing bank, is adding to its banking network in the north-eastern US with the

the north-eastern US with the \$282m agreed acquisition of a New Jersey bank.

The purchase of Ultra Bancorporation, holding company of First National Bank of Central Jersey, will make NatWest the 36th largest bank in the US with some \$20hn of assets, Mr John Tugwell, chief executive of NatWest's international businesses, said vesterday.

west's international businesses, said yesterday.

The acquisition extends NatWest's strategy of gradual expansion through the northeastern US. Ten years ago itbought a bank in New York state

bought a bank in New York state now called NatWest USA. Eighteen months ago it added a New Jersey bank, now called NatWest Bancorp NJ.

Mr Tugwell said NatWest wanted to build up a "super-regional" bank able to take advantage of the gradual relaxation of barriers to inter-state banking.

Further acquisitions in neigh-

barriers to inter-state banking.
Further acquisitious in neighbouring states would therefore be logical though there was nothing more in the pipeline.
NatWest has indicated for several months that it was interested in further acquisitions in the US. The other big UK clearing banks have retreated from the US retail market in recent years after suffering heavy losses.
First National has assets of

First National has assets of \$1.25bn and 35 branches in the

central Jersey area.

Mr Togwell said the acquisition would complement NatWest's operations in New York state and New Jersey. He described First National as "a

described First National as "a highly profitable community bank with excellent management and no international loans." It had virtually no overlap with NatWest Bencorp NJ.

NatWest will pay \$50 a share, a premium of more than 50 per cent over the \$32,50 at which the shares closed on alonday night. The total price is equivalent to 15.5 times centures. or 2.4 times Ultra's expected net asset value when the deal is scheduled for completion in the latter part of this year. At the end of 1988, the net asset value was \$103m, and net income \$17.1m.

Mr Tugwell said that while the price might seem high, it was justified by the quality of the bank's business and its profit-

ability.

NatWest is protecting its offer. which needs regulatory approvals, by acquiring warrants to buy new stock equivalent to 24.9 per cent of the bank's outstand-ing stock at \$39 a share.

# NatWest | The glamour fades quickly at Nixdorf

Andrew Fisher on the problems of a West German computer maker

Tixdorf has opened that curtain a little wider on what has turned out to be a disastrous year for the West German computer company. The news, including a swingeing cut in the dividend, was worse than even the most pessimistic expectations. Yet Mr Klaus Luft, the chairman, remained the picture of unflappability and managed to give the impression that he was addressing a sales convention rather than a press conference.

addressing a sales convention rather than a press conference.
Nixdorf used to be the German glamour stock, marked out from the more stolid German industrial heavyweights by its buoyant sales and profits performance, its innovative spirit, and its sheer exuberance. But the glamour has faded.

Today Nixdorf is struggling hard to recover its poise, although it remains safe from predators because of its typically German shareholding structure, in which voting control is in the hands of foundations and the

Nixdorf family.

So bad was last year's performance that no dividend at all will be paid on the voting stock, while the payment on the quoted pref-erence shares will drop from DM10 to DM4. Nixdorf has always had the

Nixdorf has always had the capacity to surprise. But in its halcyon days, the news was always of sustained growth, each year topping the last by a wide margin. Only a year or so ago, the ebullient Mr Luft, 47, was still talking of doubling turnover every five years.

Recently, however, the surprises have been unpleasant. "There's always something round the corner," says Mr Reinhard Fischer, an analyst with Banque Parihas Capital Markets in London. Although it was apparent from early 1988 that growth was apparing off and costs rising, the investment community became investment community became adily more irritated as the unfavourable news mounted. Noting that the bad news had emerged drop by drop, Banque Paribas said ominously in a recent study: "We think that some remaining bitter drops are yet to come."

What has gone wrong? Neither Mr Luft nor his colleagues was prepared to talk fur-ther this week about the com-pany's problems and how they hope to solve them. It is an atti-tude that contrasts oddly with Nixdorf's previous openness, although managers are clearly feeling belowpred you that the feeling beleaguered now that the

its profitable market for bank terminals stagnated, while expan-sion in the retail market, with lower margins, was not enough to compensate. At the same time, labour costs soared because of its high level of staff hirings in 1987. But there is a more fundamen-

tal question than that of prices: does the present management lack the farsightedness and tough pragmatism of the late Mr Heinz Nixdorf, who began the company in a basement work-shop in 1952? Somewhat of a maverick on the German busi-ness scene, the outspoken Mr Nixdorf was one of the pioneers of decentralised computing. of decentralised computing .offering customers solutions based on mini-computers, indi-

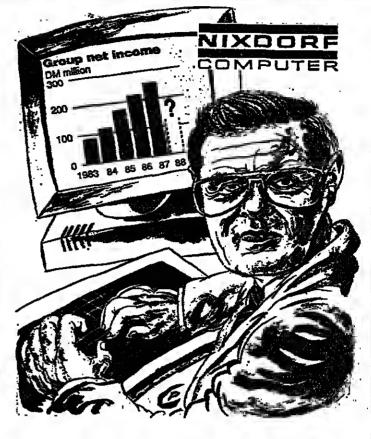
Common industry standards, which have been widely accepted by users, have made it easier for rivals to eat into Nixdorf's markets

vidoal terminals and workstations for offices, banks, stores, and small companies. This contrasted with IBM's mainframehased approach.

Mr Luft, whose background is in marketing, took over as chief executive when Mr Nixdorf died of a heart attack at the age of 60 of a heart attack at the age of 60 three years ago. When he took over as chairman, he had been with the company 19 years.

At first, with sales advancing smartly, the transition looked smooth. But many analysts and investors now feel Mr Luft and his heard were too slow to react

his board were too slow to react to changed market conditions. Analysts say the company's organisation into geographical, rather than product, divisions



prevented clear thinking along strict sector lines, a handicap recently overcome by setting up strictly defined management responsibilities for banking, retail, small business, and big institutional clients. Moreover, Nixdorf had grown

too used to succeeding with its own proprietary products, at a time when the industry was moving rapidly towards solutions based on integrating a variety of equipment and software based on common industry standards.

As such standards have been more widely accepted by users, it has been easier for rivals to eat

into Nindort's markets.

Analysis expect the company to announce an operating loss for 1988, with property sales provid-ing enough cash for the shrunken dividend and for restructuring and development

needs. Susan Anthony of Robert Fleming Securities also foresees operating losses in 1989, with costs rising faster than sales growth of a probable 4 per cent. Admitting that profit margins had fallen sharply, Mr Luft declined to comment in detail on earnings before the final figures in April. "But if we are proposing to pay only DM1 on the preference shares, it is clear that our profits collapse was considerable," he said last week. Compared with the heady growth of earlier years, turnover was only 5 per cent higher at DM5.3bm (\$2.9bm), with the order backlog up just 1 per cent to DM5.15bm.

"The sales were right at the bottom end of the company's predictions," noted Mr Adrian Brunders

drett, a Frankfurt-based analyst with Bank in Liechtenstein, not-ing that Mr Luft had forecast in November a turnover rise of between 5 and 10 per cent. "Per-sonnel expenses are way at the top. Everything has moved the wrong way." Labour costs soared 16 per cent

to DM2.1bn, as Nixdorf, still fix-ated by a belief in constant growth, based on its existing products, took on nearly 4,000 people in 1987 and 1,600 last year. To overcome its problems, Nixdorf is now trying frantically to cut costs. Staff numbers will ease by around 1,600 this year from 31,000. "In our growth phases, our pencil was not neces-sarily sharp enough," said Mr Luft. "In 1988, we began to learn."

at is being cut elsewhere, as shown by the fact that last week's press confer-ence was held in Frankfurt rather than, as a year ago, forming part of a jolly, two-day gathering in the Swiss ski resort of Davos.
The company is also changing

its product strategy, shifting fur-ther away from hardware, into services and software based on personal computers or industrywide standards like Unix. But analysts question wbether this will work or prove too costly, since it involves higher research and development costs. The chairman reckons group

profits will not return to around the 1987 level of DM264m until the early 1990s. The amiably per-suasive Mr Luft may be the man to achieve the recovery, helped by the strength of Nixdorf's bal-ance sheet. But a huge question mark now stands over both him and the company which was once the star of Germany's corporate

# Sofe shuts down as tax hits trading

By Sara Webb in Stockholm

SWEDEN'S Options and Futures Exchange (Sole), the smaller of two options exchanges in Stockholm, surprised the financial community in Sweden yesterday by suddenly announcing it is closing due to lack of business. It pinned the blame firmly on the introduction of a new turn.

the introduction of a new turn-over tax which came into effect on January 1 and which has forced market makers to wind down their activities in recent months. The closure takes effect immediately.

The turnover tax of 1 per cent

on options and futures contracts was officially introduced to cool down the financial markets, but it was also a political concession to the trade union movement by the Social Democrat Government,

"We have been very severely hit by the turnover tax and it is impossible to continue as an exchange in this climate as we have had no trade since mid-January" said Mr Dan Stridsberg, Sofe managing director. He added that the agreement

signed last month, whereby the European Options Exchange in Amsterdam would acquire a 40 per cent stake in Sofe, had been called off.

Sofe said both the premium volume and the volume of index options contracts traded bad fallen off towards the end of last year as market makers such as Arbitech and Servisen started to scale down their business in preparation for the new tax.

The total premium income for 1988 fell to SKr1.09bn (\$173m), compared with SKr1.62bn in 1987. Sofe said it expects to show a loss for the second continuous year, but added that the loss made in 1987 was due to heavy start-up costs rather than poor

business.
Mr Stridsberg said 12 exchange staff had been sacked yesterday but added that Sofe's systems staff would keep working.

Sofe will continue to develop and market its trading system, known as Sits, which it has sold to the Stockholm and Oslo stock exchanges.

Sweden's options market started off with a bang in 1985 when OM, the rival Swedish options exchange, began func-

tioning.

Demand grew rapidly and, as there were complaints about OM's high transaction costs, it appeared there was room for a competitor.

Sofe started up in March 1987 as a non-profit exchange, but had difficulty keeping its market share and eventually abandoned its stock options to concentrate on index options.

# Procordia drops Bassett bid

By Lisa Wood in London

CADBURY SCHWEPPES, the UK soft drinks and confectionery group, yesterday appeared to be the victor in the takeover battle for Bassett Foods, the UK Jelly Baby manufacturer, as Procordia, the Swedish group, abandoned its hostile 263m (\$109m) offer.

Procordia, which has spent the last couple of weeks considering whether it would top Cadbury's agreed £91m bid, announced that its offer was lapsing and it was selling its 10.2 per cent stake in

Industry observers said Cad-bury, which holds a 14.9 per cent stake in Bassett, was probably home and dry with its bid. Cadbury is offering eight new shares for every five already held in Bassett, the equivalent of 571p per share. There is also a cash alternative of 536p per share. Bassett's share price closed at 564p immediate takeover opportuni-per share, down 3p, and Cadbury ties available to Procordia, since many companies in the sector — such as Trebor — are in private hands. many. Europe's largest sugar confectionery markets, wanted Bassett to increase its distribu-

tion and product range in the European Community. Mr Göran Linden, Procordia'a deputy chief executive, said the price would have been too high if he had sought to exceed the Cadbury bid. He said: "We wanted Bassett very much as we believed the cadbury bid.

it would fit very well into our strategy. "However, the sugar confec-tionary sector in Europe is very fragmented and there are several opportunities for us in the future. Bassett was not the only possible

Cadbury, which has only got a 3 per cent share of the fibn a year UK sugar confectionery market, with brands including Midget Gems, had been looking at Bassett's business when Pro-cordia made its bid. This enabled Cadbury to emerge as a white bright

might.

The group, which has been more aggressive since General Cinema, the US cinema group built up an 18.1 per cent stake, wanted to either get bigger or get out of sugar confectionery. Cad-bury, which plans to put its own sugar confectionery business into Sheffield-based Bassett, says step we could have taken." there are a considerable number But Bassett was one of the best of synergies to be made.

# Woolworth adopts new plumage

By Maggle Urry in London

AFTER years of thought and months of research, Woolworth Holdings, the large British retailer, is adopting bright new plumage – by changing its name to Kingfisher.

The bird's name - which will apply to the group rather than the company's high street stores has precious little connection with the business: Woolworth gave up its position as the UK's leading retailer of fishing rods some time ago because angling equipment did not fit its "focus"

strategy.

But Mr Nigel Whittaker, the group's corporate affairs director, explained yesterday that the name had been chosen because the kinglisher is highly distinctive and instantly recognisable; it is expert at what it does and it is a great favourite with the pub-

The purpose of the new name is to emphasise how much Wool-



WOOLWORTH HOLDINGS PLC

Woolworth has taken the corporate name of Kinglisher to fit its new image

KINGSHER

worth itself has changed since it was bought from its American parent in 1982 in a deal backed by big City institutions. The group now incorporates other retail brands like Comet, the electrical chain. In the search for a new corpo-

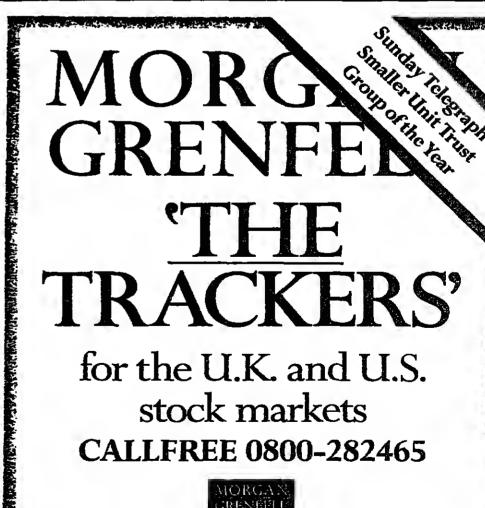
seeking a word which was sensible, memorable, and easy to say. Wolff Olins, the corporate identity consultant, was employed to dream np a shortlist.

Mr Geoffrey Mulcahy, chief

executive, yesterday brushed aside suggestions that a king-fisher only catches minnows -Woolworth is an acquisitive group - or the fact that people glimpsing the bird usually see nothing more than a blue flash. The hunt has cost the company

well under £1m (\$1.7m), including the cost of buying up the name of the dormant Kingfisher company which someone had cleverly registered first, and the new name will have to be approved by shareholders.

But whatever else it does, the name change will also stop Wool-worth suffering from "alphabe-tism" – discrimination against companies with initial letters rate symbol, Woolworth was near the end of the alphabet





The Morgan Grenfell U.K. Equity Index Tracker Trust (which tracks the FT-A All-Share Index) and the Morgan Grenfell U.S. Equity Index Tracker Trust (which tracks the Standard & Poor's 500 Index). The value of these investments may fluctuate and is not guaranteed. Issued by Morgan Grenfell Unit Trust Managers Limited. Member of LAUTRO, IMRO and the Unit Trust Association.

### INTERNATIONAL COMPANIES AND FINANCE

# Gulliver sells 67% holding in Jacksons

By David Waller in London

MR JAMES GULLIVER, the former chairman of the UK retailing group, Argyll, has abandoned his attempts to turn Jacksons Bourne End, a UK property shell with interests in shoe components manufacturing, into a broadly based lei

sure group.
Instead, ne and his business associates have sold their 67 per cent stake in the Buckinghamshire-based group to Vasella, a private company run by three property entrepre-neurs, Mr Leo Noe, Mr Mark Gurney and Mr Berish Berger. for £8.55m (\$14.96m). A statement from Mr Gul-

liver's office said the move would free him to coocentrate would free him to coocentrate on his larger quoted investments, which include Lowndes Queensway, the group that took over Harris Queensway last summer, and Waverley Cameron, the stationer.

The Scottish entrepreneur and his business associates, principally Select Country Hotels, took a 60 per cent stake in Jacksons in January last year for £5.67m. That holding was subsequently increased to 67 per cent.

### Danish savings bank takeover

By Hilary Barnes in Copenhagen

DK SPAREKASSEN, the Danish savings bank which ran into difficulties last autumn, has been taken over by Bikuben, the country's sec-

oud largest savings bank.
Bikuben is acquiring a
regional savings bank with 45
hranches and a balance sheet
total of DKr8bn (\$1.12hn). The
acquisition bas caused Bikuben to postpone for a month a planned conversion from its status as a self-owning institution to a joint stock company.

This is now planned for April 28. Bikuben meanwhile reported a rise in pre-tax profits from DKr32m in 1987 to DKr317m last year, despite loss provisions and depreciation ris-ing from DKr324m to DKr597m. The halance sheet total rose from DKr50.4bn to DKr60.4bn.

# Paribas unit buys 20% Australian drug group stake

By Paul Betts in Paris

PARIBAS, the French financial group has acquired a 19.9 per cent stake in Western Capital, an Australian group specialising in pharmaceuticals, as part of its efforts to build up a port-folio of industrial interests in the health care and pharma centical sector.

At the beginning of this year, Paribas launched a subsidiary, Paribas Sante, which specialises in taking stakes in promising pharmaceutical ventures. This has now acquired stakes of between 15 and 35 per cent in four ventures, includ-ing the Australian company and a homoeopathic laboratory in Switzerland.

Paribas Sante has so far

invested about FFr300m (\$48m) in its various stakes. Paribas did not disclose yesterday how much it had paid for Western Capital, which controls a pharmaceutical company called Cortecs in the UK and an Australian laboratory, Auspharm. However, Western Capital, which is quoted on the Perth Stock Exchange, has a total stock market value of

about Assom (US\$73m).
The investments in the pharmaceutical sector are part of Paribas' current strategy of building up its holdings in various industrial and service sec-tors which the bank believes offer promising medium- and

long-term growth potential.

In a separate deal, Sanofi, the French pharmaceutical and cosmetics group controlled by the Elf Aquitaine oil company, has further expanded its presence in the US with the acquisition of Iowa-based Quality Plus Essar, which specialises in veterinary products. The US company has annual sales of company has annual sales of \$30m. The price of the transaction was not disclosed.

# Cookson raises stake in **Johnson Matthey to 8%**

By Clare Pearson in London

COOKSON GROUP, the UK specialist metals and chemicals company, has increased its stake in Johnson Matthey to 8 per cent, apparently signalling its determination to play a role in the future of the UK precious metals and materials technology group.

The move was interpreted as ahowing that Cookson wanted a place at the bargaining table if there were any change in the status of JM, which has sub-stantial links with the network of companies controlled by the South African Oppenheimer empire, Many of these compa-nies – which include Anglo American, the South African mining house, and Minorco, the Luxembourg based invest-ment group — are currently involved in considerable

upheaval. Cookson revealed an initial 6.3 per cent stake last summer and said then that it could be interested in almost all areas of JM's husiness aside from platinum activities - which account for about half of its

JM is linked to Anglo Ameri-JM is linked to Anglo American by being the sole refiner of platinum for its Rustenhurg mine. It is also 38 per cent owned hy Charter Consolidated, itself 36 per cent owned by Minorco, which this week renewed its £3.2bn (\$5.6m) bid for Consolidated Gold Fields. Maanwhile, last antumn's hoard room coun at Charter

board room coup at Charter Consolidated, leading to the appointment of Sir Michael Edwardes, Minorco'a chief executive, as non-executive chairman, has pointed to a restructuring of this UK mining, manufacturing and investment group.

ment group,
Cookson, which bought its
original stake at around £3 per
share, will have paid about £3.50 each for the extra 2m shares picked up over the last

Yesterday Cookson's shares fell 12p to 307p, valuing the company at about £1hn. JM shares closed at 349p, up 4p, giving the group a market value of around £500m.

# Belgian retailer sees strong advance

By William Dawkins in Brussels

GIB, Belgium's largest supermarket group and the country's higgest employer, expects consolidated net prof-its for 1938 to rise by between 15 and 20 per cent, on a 20 to 22 per cent turnover increase

This implies that profits for the year ended January 31 will be roughly BFr2.2bn (\$57m), against the previous year's BFr1.9bn, with turnover up from BFr140.8bn to BFr178bn, said the company, formerly known as GB-Inno-BM. The directors estimated that the enventy year should produce a net aurphus of around BFr2.5bn. Final accounts are due in May.

All the group's activities were profitable except for its smallest supermarkets, some restaurants and its traditional central city department stores, said Mr François Vaxelaire,

said Mr Francois Vaxelaire, group president.

GIB will apend a record BF73.4hn this year - 18 percent more than in 1988 - on upgrading its Belgian supermarkets and introducing new technology for management, plus BF71.1bn on its home improvement stores in the UK, Portugal and Spain. GIB also has interests in tha US and France.

GIB's announcement left the shares unchanged at BFr1,404.

### Adidas to alter legal status

ADIDAS, the West German sporting goods group, said it will convert its legal form into an Aktiengesellschaft, a public stock company, but does not plan a public share offering, APDI properts AP-DJ reports.

The new parent company, Adidas AG, will incorporate the domestic operations and will act as a holding company for the foreign subsidiaries. The move was necessary to adapt Adidas' structure to the needs of a large and international corporation.

Adidas' nominal capital will be DM120m (\$65m), to be held in equal shares by the families of the five children of the late Mr Adolf Dassler, the founder.

# The Peasant falls foul of NY arbs

Alan Friedman on the failed bid to buy out the Ausimont minority \$45m in Austmont stock, said the \$35 offer was unfair and

If the story of Raul Gardi-ni's failed attempt to buy out minority shareholders in his Montedison group's Wall Street-quoted Austmont subsid-lary had been a sporting event it might have been a sporting event it might have been called "The New York Arbs vs. the Peasant from Ravenna."

But the controversial \$280m offer by Montedison to boost its control of the Dutch-registered specialty chemicals com-pany from 72.6 per cent to 100 per cent was not a sporting event; it was a disastrously handled financial operation that has blocked Montedison's plans for Ausimont and at the same time sullied the image on Wall Street of Mr Gardini, who because of his agrarian roots is known by the nickname-loving Italian press as Il Contudino, or The Peasant.

The story of the Austmont affair, although it may appear to be merely a conflict between arbitrageur-investors on Wall Street and Italy's second big-gest private sector group, is, however, replete with broader implications for the way Italian companies approach the US

investment community.

For a European agricultural and chemicals concern such as Mr Gardini's Ferruzzi-Montedison group there may be lessons to be learned, in terms of both style and substance when deal-ing with non-Italian financial institutions For Wall Street the case may illustrate the dif-ficulties of trying to apply Anglo-Saxon standards to operations by Italian industri-alists used to having their own way in the small and clubby market of Milan. Above all, the Austmont affair is an example

of a colossal clash of cultures.
The facts relating to the
Austment saga can be summarised briefly enough: last year a
debt-saddled Mr Gardini considered selling off the Montedi-son subsidiary and caused Austment to commission a study by Morgan Stanley, the US investment bank, of options including Austment's potential break-up value.

Last autumn Mr Gardini changed his mind and decided instead to try to buy up the 27.4 per cent of Austmont he did not already own. It was essential that Montedison secure at least 95 per cent of Ausimont, because under Dutch law this is the level at which Montedison could force minority investors to sell out.

Montedison's initial offer of \$33.50 a share last September was rejected as inadequate by Ausimont's four independent directors, who argued that the hreak-up value was nearer to \$40 a share. Last December a low-level investor relations executive was despatched by Montedison to New York and tried to persuade the recalci-trant board members to accept \$35 a share.

The outside directors refused to budge and some shareholders began to threaten legal



Alexander Giacco, Montadison chief executive (left), is not regarded as a long-term Raul Gardini man

ction But Mr Gardini, or those who advised him, remained adamant and Ausimont'a own board was unable

mont's own board was unable to endorse or reject the Montedison \$35 a share hid, which was launched on January 20.

Morgan Stanley, which has served as dealer-manager of the Ansimont offer, told Montedison it believed that \$35 a share was a fair price. But did Morgan Stanley — in the light of already apparent opposition to the \$35 offer — advise. Mr Gardini to offer more? The bank yesterday declined to comment on the matter. nent on the matter.

with minority investors in New York threatening class action lawsuits against Montedison and the Austront offer set to close last week a new development further aggravated the situation: Oppenheimer, a New York investment firm, disclosed it held 5.2 per-cent of Austment, enough to block Mr Gardini's plan fully to incorporate the company,
Moreover, Oppenheimer,
with an investment of around ened legal action will bring II Contadino around. Whatever Mr Gardini may be, he is not a compromiser. His background is in commod-

threatened action to block a

proposed transfer of Dutral, an

proposed transfer of Dutral, an elastomers division, to Enimont, the new chemicals venture between Montetison and the state-owned Enichem.

The Montedison offer was extended by a day, but the final results show that Mr Gardini has secured only 88.2 per cent of Austmont, plus the wrath of both minority investors and professional arbitragers, who think their threat-

gers, who think their threat-

ity trading and his temper is renowned. Early last year, for example, when Mr Gardini engineered a controversial et play that shifted substantial holdings out of Montedison and into his Ferruzzi master company, he was accused of riding roughshod over the interests of 100,000 Montedison minority shareholders.

minority shareholders.

His response to foreign criticism was to declare that "This is an Italian operation in the Italian market and if investors don't like it they can leave it."

These words have already come back to haunt Mr Gardini, for, as he is discovering, not all of his aims can be not all of his aims can be achieved on the Milan bourse alone. And foreign investors do not necessarily just "leave" an offer - they may fight back. Mr Gardini's management style reflects his maverick

approach: at Montedison he has filled some top jobs with family friends and a handful of Ferruzzi aides so that decision-making is highly centralised.

Mr Alexander Giacco, a 69 vear-old American who formerly ran Hercules, the US merly ran Hercules, the US chemicals group, was named chief executive of Montenson last year, but he is not considered a long-term Gardini man. Indeed executives inside Montedson have suggested that Mr Giacco was instrumental in insisting on the \$35 offer for Austracet, a decision that one informed observer described as "a macho stance that has cost us dearly" Montedison has thus far declined to comment on the Austmont affair and nei-ther Mr Gardini nor Mr Giacco have been available for.

In New York Mr Jim Har-mon, one of the four Austmont independent directors who crit-icised the \$35 offer, has described the situation as "a terrible tragedy for all con-cerned. Mr Harmon and others in the US warn that Mr Gardini's refusal to pay a dol-lar or two more on Wall Street could prove costly in legal fees

Whether the Austmont affair leads to a protracted legal dis-pute or not remains to be seen, but Mr Gardini's image in the US has already been tarnished.

ne Ausimont institutional investor on Wall Street grumhled that for a few dollars more Gardini Tor a few dollars more cardinic could have settled this thing." in Milan, a wall of silence surrounds the whole affair. Mr Giacco, when he addressed US analysts in New York last week, said he could not talk about Ausmont.

The damage resulting from what is essentially a smallish matter may be seen in future if and when Enimont seeks to raise funds from American raise funds from American investors. In Italy, where Mr Gardini's financial restructuring of the Ferruzzi-Montedison group has been helped by the protection of Mediobanca, the powerful merchant bank, it is still possible to thumh one's nose at market criticism.

But in the strange tale of the "New York Arbs vs. the Peas-ant from Ravenna," Mr Gardini has got himself the Wall Street equivalent of a bloody nose.

# MERCURY OFFSHORE STERLING TRUST

Registered Office: 10, boulevard Roosevelt, Bofte Postale 408, L-2014 Luxembourg, Grand-Duchy of Luxembourg. R.C. Luxembourg No. B.24.990

The Extraordinary General Meeting of Shareholders of Mercury Offshore Starling Trust held on 15th February, 1989 having been unable to consider and vote on the resolutions pentaining to the amendment of the Company's Articles of Association, since the quorum imposed for such resolutions was not reached, an Adourned Extraordinary General Meeting of Shareholders of Mercury Offshore Sterling Trust will be held at its registered office at 10, boulevard Roosevelt, Lixembourg, at 11.00 s.m. on 23rd March, 1985 for the purposes of considering and voting upon the following matters:

### Agenda of the Adjourned Extraordinary General Meeting of

- To resolve that the Articles of Association be amended by adding the following additional sub-sections to Article 4:
  - (3) The Company may for the purposes of making and realising investments effect transactions on stock exchanges, and also on regulated markets which operate regularly and are recognised and open to the public, in member countries of the O.E.C.D., member countries of the European Community ("Member States"), Brazil, Hong Kong, Malaysia, Mexico, Philippines, Singapore, South Korse, Taiwan and Thailand and may, subject to the Law, effect transactions in recently issued transferable securities the terms of issue of which provide that application be made for admission to official listing on any such stock exchange, or to any such regulated market.
  - (4) The Company may, if the Directors so determine and subject to the Law, invest 35 per cent, or more of its assets in trensferable securities issued or guaranteed by any Member State, any local authority of any Member State, any member country of the O.E.C.D. or any public international body of which at least one Member State is a member.
  - (5) The Company may, subject to and in the circumstances permitted by the Law, invest in other investment funds recognised by the Law as undertakings for collective investment in transferable securities. as uncertainties for collective investment in transferance sections.

    ("UCTS") provided that in the case of a UCTS linked to the Company by common management or control or by a substantial direct or indirect holding or managed by the Manager or another management company linked in like manner to the Manager, such UCTS has specialised in investment in a specific geographical area.
- 7. To resolve that Articles 1, 5, 6, 7, 8, 13, 14, 15, 16, 17, 21, 22, 23, 24, 25, 26, 27, 28, 28, 31, 32, 34, 35, 37, 39 and 40 be amended. involving primarily the following changes:
  - the Company will have an indefinite life, unless dissolved as mentioned below;
- a special majority of 75 per cent. of votes cast at extraordinary general meetings of Shareholders will be required for the passing of a resolution to dissolve the Company, or to arrend the Arzicles of
- the Directors will be allowed to disclose under certain ces certain information contained in the Shareholders
- the power of the Company to Indemnify Directors and Officers against expenses incurred in connection with legal proceedings will the provisions which govern valuation procedures will be amended: in particular the Directors will in ordinary circumstances be required
- to determine bid and offer prices by reference to valuations made at there will be provision for rounding adjustments to be made to conversion prices and amendments will be made to the arrangements for transferring assets between Funds on
- in conformity with the lew of 30th March, 1988 ("the Law") the Articles will contain no restriction on distributions other than traquirement to maintain the statutory minimum level of capital;
- ovision will be made for the operation of schemes for regular
- subscription for Shares of the Company; the Directors will be permitted (subject to certain restrictions) to provide for dealings in any Fund to be affected on a weekly or other

- provision will be made for the Manager or other person nominated by the Company to receive an amount equal to the roundings made in calculating bid, offer and conversion prices;
- provision will be made to facilitate the calculation of bid and offer
- the provisions in relation to equalisation will be amended to give the Directors greater flexibility in determining the precise arrangements which will be operated;
- the editing provisions requiring the consent of Shareholders to increases in certain charges will be amended:

and by making such other amendments to the Articles of Association as may be necessary pursuant to the Law.

### Voting

Resolutions on the Agenda of the Meeting of Shareholders may be passed by a majority of two-thirds of the votes cast thereon at the Meeting, with no

in order to vote at the Meeting:

- the holders of beerer Shares must deposit their Shares not leter then 16th March, 1889 either at the registered office of the Company, or with any bent or financial institution acceptable to the Company, and the relative Deposit Receipts (which may be obtained from the registered office of the Company to arrive not leter than 16th March, 1989. The Shares so deposited will remain blocked until the day after the March or arrive hos the company to arrive not leter than 16th March, 1989. The Shares so deposited will remain blocked until the day after the Meeting or any adjournment thereof;
- the holders of registered Shares need not deposit their certificates but can be present in person or represented by a duly appointed
- Shareholders who cannot attend the Meeting in person are invited Shareholders who cannot attend the Meeting in person are invited to send a duly completed and signed proxy form to the registered office of the Company to arrive not later than 15th Merch, 1989. Proxy forms were sent to registered Shareholders with the notice for the original Meeting and cen be obtained from the registered office. A person appointed a proxy need not be a holder of Shares in the Company; lodging of a proxy form will not prevent a Shareholder from attending the Meeting if he subsequently decides to do so.

The proxy forms received by the Company for the Extraordinary General Meeting of Shareholders convened for 15th February, 1989 need not be renewed and will be valid for the Extraordinary General Meeting of Shareholders convened for 23rd March, 1989.

### Information for Shareholders

Shareholders are advised that a copy of the Company's Letter to Shareholders concerning the proposals referred to in the above Agends of the Adjourned Extraordinary General Meeting and a draft. (which is subject to modification, interests, to comply with the requirements of the competent regulatory and listing authorities) of the detailed changes proposed to the Articles of Association of the Company are available for inspection at the registered office of the Company and at the following places:

S.G. Warburg & Co. Ltd., Paying Agency.

2. Finsbury Avenue, ECZM 2PA

Grand-Duchy of Luxembourg.

ete à Luxembourg S.A. 2. bouteverd Royal.

A draft of the Articles of Association as amended will be available for

23rd February, 1989

The Board of Directors

# MBOS-WHO'S NEXT

# BPCC

buy-out-January 1989 Finance raised

£265 million

**FAIREY** 

buy-out-November 1987 Finance raised £260 million

# HAYS PLC HUMBERCLYDE FINANCE GROUP

buy-out-September 1987 Finance raised £204 million

# **CARADON PLC**

buy-out-October 1985 Finance raised

FLOTATION-JULY 1987

# **GROUP PLC** buy-out-December 1986

Finance raised £50 million FLOTATION NOVEMBER 1988

### RENTCO INTERNATIONAL buy-out-May 1987 Finance raised £45.8 million

SALE TO TIPHOOK PLC **DECEMBER 1988** 

### NKF HOLDING BV (led by Candover's Netherland Associaces, Venture Capital

Investors BV) buy-out - December 1986 Finance raised £38.4 million **FLOTATION** (AMSTERDAM) **MAY 1988** 

# **DWEK GROUP**

buy-out-September 1988 Finance raised £38.1 million

### TALLENT **ENGINEERING** buy-out-January 1989

Finance raised

£11 million

RECHEM **ENVIRONMENTAL SERVICES PLC** buy-out-December 1985 Finance raised

£2.25 million

FLOTATION - MAY 1988



Candover Investments are leaders in management What's more, institutional investors in Candover's buybuy-outs We have organised over forty buy-outs world-wide ranging in size from £1 million to £265 million, the latest being BPCC and Tallent Engineering earlier this year.

judgement has been rewarded by their success. on 01-583 5090.

ours have achieved returns in excess of 60% per year. Candover is commually discussing potential management buy-outs with companies, managers and advisors. If you think you could be next, contact Candover has invested in all of them and our Douglas Fairservice, Colin Buffin or Marek Gumienny

# CANDOVER INVESTMENTS PIC Cedric House, 8-9 East Harding Street, London EC4A 3AS.

Issued by Candover Services Limited, a member of FIMBRA.

beli an ila

# INTERNATIONAL COMPANIES AND FINANCE

# after profit doubles

By David Housego in New Delhi

ASHOK-LEYLAND, the Indian

ASHOK LEYLAND, the Indian truck and bus group, plans a big increase in investment, after more than doubling pretax profits last year to Rs205m (\$12.54m). The group, which was recently taken over by the Hinduja family and Iveco, a subsidiary of Fiat, has amounced that it will invest Rs1bn over the next two years. smounced that it will invest
Rs1bn over the next two years
compared with Rs290m over
the past 24 months. Part of the
investment is to go towards
developing new buses and
trucks for export in conjunction with the Fiat group. Mr
Ram Shahaney, the company's
managing director, said that
the 'new breed' of products
would be defined by June.
Ashok Leyland's turnover:
rose by 23 per cent last year to
Rs5.2bn, on the back of a 17
per cent surge in domestic
demand for medium and heavy
vehicles. Unit production rose
13 per cent to 18,027 vehicles.
The sharp increase in new
investment is to be financed in
part out of a new convertible

part out of a new convertible debenture issue intended to raise Rs515m. Mr Shahaney made clear that "the quantum jump" in investment over the next two years was part of lon-

next two years was part of longer-term expansion plans.

The Hindujas, tha wealthy London-based Indian trading group with large industrial ambitions in India, bought the 39 per cent British stake in Ashok Leyland from the Rover group in 1987: Iveco was brought in to provide the company with new designs and pany with new designs and technology. The Ralbn investment will

also go towards rehabilitating the company's parent plant at

# Ashok to | Mayne Nickless moves ahead 40% lift spending | By Chirls Sherwell in Sydney

IMPROVED EARNINGS from its transport businesses and strong performances in Austra-lia and the UK have pushed interim profits 40.3 per cent-higher at Mayne Nickless, the Melbourne-based international transport and security services

group, Figures released yesterday for the six months to January 1 showed after-tax profits increased to A\$51.9m (U\$\$42.2m) from A\$37m in the (US\$42.2m) from A\$77m in the same period last year. On an equity-accounted basis, they rose 42.4 per cent to A\$57.2m.

Consolidated group revenues climbed 15.6 per cent to A\$892m, and rose above A\$1.1bn when associates were included. Directors said they

expected a "good result" for showed Australian operations the second half based on January and February figures. A detailed breakdown of the results revealed that revenues and earnings from the group's security services were flat, so that the bulk of the improve-(A\$427m).

ment in the group's performance was attributable to mance was attributable to transport services. Thus, profit before interest and tax for the freight and transport husinesses rose to A\$43m from A\$31m, on reve-nues which increased to A\$518m from A\$401m, whereas profits from security services inched up to A\$31m from A\$30m and sales crawled to A\$321m from A\$320m. A geographical breakdown

Koor Industries will probably remain in the red during 1989.

As part of its recovery programme, Koor is to embark this month on an internal reor-

ganisation. This will involve a reduction in the number of its operating divisions and further dismissals of managerial staff. The group says it will lay off another 2,000 workers this year

bringing the total workforce down to 24,470. At its peak, Koor employed over 31,000 peo-

A hitch has, meanwhile, arisen in hopes that the wind-ing-up request filed in the Tel Aviv District Court last Octo-

ber by Bankers Trust, a lead-

ing creditor, will shortly be withdrawn. Israeli bankers say the problem concerns the for-

eign creditors' demand that

they help supervise Koor's dis-posal of its assets.

Turnover during 1989 is fore-cast to reach Shis5.09bn, a 2

per cent increase.

group's success, with profit before interest and tax climbing to A\$73m (A\$54m) and revenues rising to A\$541m

UK profits also improved, moving to A\$11m from A\$8m, as did revenues, which increased to A\$100m from A\$86m. The expanded Parce-line freight operation achieved "substantial" revenue growth, the company said, while the Security Express and Armaguard security operations recorded an outstanding

profit improvement."

Both the US and Canada, on the other hand, recorded falls in profit and revenue, with the

US plnnging into the red because of losses at Loomis Armoured. Unlike some Australian com-

panies, which have recently complained about the strength of the Australian dollar, Mayne Nickless said yesterday its reported profit was "not matereported priorit was "not materially impacted" by the currency's appreciation "due to the spread of the company's operations and the currency bedging programmes in place."

Directors declared an interim dividend of 15 Austra-

lian cents per share, up 70 per cent on the previous figure after adjusting for the one-forfive scrip issue during the year. The dividend is fully franked.

# Koor forecasts return to black after 1988 losses

By Andrew Whitley in Jerusalem

KOOR INDUSTRIES, the leading Israeli group which recently reached agreement with its creditors on a debt rescheduling programme, has forecast a return to profitability this year, after heavy losses in 1988.

in 1988.

A report submitted yesterday to its parent organisation, Hevrat Ha'Ovdim, the holding company of Israel's labour federation, revealed that overall losses in 1988 were likely to exceed Shis500m (US\$277m). Half of this came from extraordinary costs resulting from lay-offs and factory closures. In a foreword to the group's 1989 work plan. Mr Benjamin Gaon, the chief executive, says that any unit which does not show an operational profit "will cease to exist within the

framework of Koor."
Operational profitability for wholly-owned subsidiaries is estimated to reach Shis220m this year. Overall, though,

# Former BNZ chief details differences with Caygill

By Dai Hayward in Wellington

CONCERN that the Bank of New Zealand may pass into overseas ownership was one of the main differences between the New Zealand Government and Mr Rob Campbell, the former acting BNZ chairman, who resigned on Tuesday.

Mr Campbell who will the former completely the former acting by the Prime Minister, and Mr Caygill agreed at a meeting instigated by the Prime Minister, to investigate Mr Campbell who will be the prime Minister to investigate Mr Campbell who will be the prime Minister to investigate Mr Campbell who will be the prime Minister to investigate Mr Campbell who will be sold in a way that will allow control to pass into overseas hands, he said.

Later yesterday, Mr David Lange, the Prime Minister, and Mr Caygill agreed at a meeting into ing stability. It should not be sold in a way that will allow control to pass into overseas hands, he said.

the New Zealand Government and Mr Rob Campbell, the former acting BNZ chairman, who resigned on Tuesday.

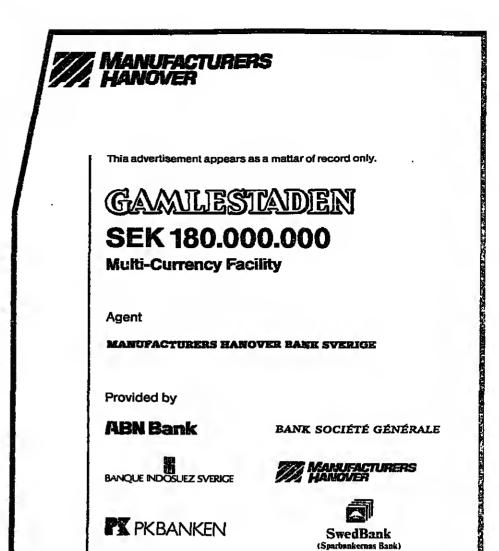
Mr Campbell, who will remain on the board, knew before he resigned that he was not one of the Government's choices for the new chairman and depnty chairman. Yesterday he outlined some of the factors leading to the difference of opinion between himself and Mr David Caygill, the Finance Minister. Finance Minister.

Fundamental to all these is the Government's wish to sell BNZ as soon as possible. The sale has been in abeyance since late last year, when it failed to attract a sufficiently high price. Mr Campbell helieves the sale process should be halted to allow the bank to concentrate on rebuild-

ter to investigate Mr Campbell's comments. A spokesman for Mr Lange said the purpose of the meeting was to "stop the affairs of the bank being dis-cussed in the public forum."

Mr Campbell said he had agreed not to expand his views publicly. Hs had earlier said some of the advisors to the BNZ could not distinguish between "a trading bank and a piggy bank."
Mr Caygill has said the Government will consider hids

from overseas huyers that meet the necessary criteria. Elders Financial Group, and the National Australia Bank are among potential overseas buyers known to be interested.



### INTERNATIONAL APPOINTMENTS

# Seagram designates a son of chairman as next president

By Robert Gibbens in Montreal

MR EDGAR Bronfman Jr. 34, thropies of New York.

2012

s pk

been executive vice president of Seagram's US operation since last August. He will remain in that post until succeeding as group president in July Mr David Sacks, who has been appointed vice chairman.

Edgar and his brother Charles, co-chairman of Sea-gram, had a public tiff over the succession three years ago when Edgar said Edgar Jr rather than Sam, his eldest son, would be the next head of Seagram. Later, Charles accepted this, but a clear divi-sion was made between the family of Charles in Canada, and that of Edgar's in New York.

On July 1, Mr Sacks will also take up a position as president of the United Jewish Appeal Federation of Jewish Philan-

will become president and thromes of New York.

Will become president and the operating officer of the Canadian Seagram group, the regarded executive who size of Eaton. The Rankin famour of New York chairman and chief operating officer of Nacco for many years.

A son of Mr Edgariff. Hrome Smithkline Beckman, the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman, the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman, the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large. The move appears to place man, of New York chairman and chief executive of Smithkline Beckman the large of Eaton. The Rankin fam in the large of Eat

of Cytogen, a small US phar-maceuticals company.

Mr Ebright's departure a month ago from SmithKline, which has been facing severe problems in its main drug mar-kets, followed differences with Mr Henry Wendt, chairman and chief executive. At Cytogen, Mr Ebright succeeds Mr Robert Johnston, who remains chairman.

EATON, the US automotive parts and electrical equipment manufacturer, announced that Mr William Butler, formerly president of its antomotive components division, has been

named corporation president and chief operating officer.

Mr Alfred Rankin Jr, 47, Eaton vice chairman and COO since 1986, is leaving to join

thropies of New York.

\*\*\*

Nacco Industries, a coal mining and manufacturing concern less than a quarter of the

James Stover, 62, who has given up the post of president but remains chairman and chief executive at Eaton.

Mr Rankin succeeds Mr Ward Smith as Nacco president and also becomes COO, while the latter retains the chairman and chief executive roles.

\* \* \*
THE New York-based Prudential-Bache Securities, a world-wids investment banking and brokerage concern, has made Mr W. James Tozer Jr presi-dent and chief operating offi-

The company is a subsidiary of Prudential Insurance of America, which is owned by its

America, which is owned by its policy holders and is the largest US insurance firm.

Mr Tozer replaces Mr James T. Barton as president, the latter having moved to the role of vice chairman, focusing on client and industry relationships. Mr Tozer left Marine Midland Bank in 1987 after serving as one of its top officers, and ona of its top officers, and since had been managing a portfolio of personal invest-ments and business ventures.

THE BOARD of Public Service of Colorado elected Mr Delwin D. Hock as chairman desig nate. He will take up the posi-tion on February 28, as well as remaining president and chief executive.

### Linfin Corporation U.S. \$275,000,000 Collateralized Floating Rate

and the second second

CITICORP BANKING CORPORATION

U.S.\$50,000,000 Floating Rate Notes due August 20, 1989

Notice is hereby given that the Rate of Interest for the period February 23, 1989 to May 23, 1989 has been fixed at 9.8875% and that the interest payable or the relevant Interest Payment Date, May 23, 1989 against Coupon No. 11 in respect of US\$10,000 nominal of the Notes will be US\$244.44.

February 23, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

For the three months 21st February, 1989 to 22nd May, 1989 the Notes will carry an interest rate of 91% per annung with an interest amount of U.S. \$1,234,38 per U.S. \$50,000 nominal: The relevant interest enr date will be 22nd May, 1989. Listed on the Luxembourg Stock Exchange

Notes due 1995

Bankers Trust Company, London

Agent Bank

Financial Information Service on Japanese Corporate issuers

**MIKUNI'S** CREDIT RATINGS on about 4,000 bond issues and about 1,000 short-term notes Cost: US\$ 3,600 per year

To: Mikuni S Co. Lid. Dar lehi Mori Suliding 12-1, Nishi-Shimbashi 1-chom-Minato-ku. Tokyo 105, Japan or Talex J33118 Please send further information

HARRISONS MALAYSIAN PLANTATIONS BERHAD (Incorporated in Malaysia)

NOTICE OF CLOSURE OF REGISTER OF MEMBERS FOR BONUS ENTITLEMENT

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed on the 16th day of March, 1989, for the purpose of determining shareholders' entitlement of the additional
422,991,214 ordinary shares
of \$1/- each in the share
capital of the Company
arising from a bonus issue of one (1) new share for every one (1) existing share held. Registrable transfers received by the Company's received by the Company's Branch Registrar, Messrs. Baring Brothers & Company Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, up to 5.00 p.m. on the 15th day of March 1989, will be emitted to the bonus shares.

By Order of The Board. Mohd. Nadzir Mahmud Secretary: Koala Lumpu February 23, 1989



February 1989

# **EUROPEAN INVESTMENT BANK**

Pesetas 15,000,000,000

11.40% Notes Due 1996

Lead Managers

BANCO ESPAÑOL DE CREDITO (BANESTO)

BANCO CENTRAL, S. A.

Co-Managers

ASESORES BURSATILES BANCO EXTERIOR DE ESPAÑA BANCO SANTANDER DE NEGOCIOS BANQUE BRUXELLES LAMBERT Sucursal en España BNP ESPAÑA

J. P. MORGAN ESPANA S. A.

Grupo Banque Nationale de Paris

BANCO BILBAO VIZCAYA

BANCO HISPANO AMERICANO, S. A. BANKERS TRUST SERVICIOS FINANCIEROS, S. A.

BANQUE INDOSUEZ Sucursal en España

DEUTSCHE BANK AKTIENGESELLSCHAFT Sucursal en España

Paying Agents

BANCO CENTRAL, S. A.

BANCO ESPAÑOL DE CREDITO (BANESTO)

All of these securities have been sold, this announcement appears as a matter of record only

February, 1989

# **United Artists BV** Cinema International **Corporation NV**

(a corporation jointly owned by Paramount Pictures, a Gulf+Western company, and MCA Inc.)

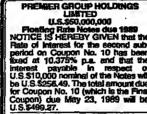
have acquired the issued share capital of

# **AMC Entertainment (U.K.)** Limited

Interim Bridge Facility

The Bank of Nova Scotia, Corporate Banking

Scotiabank 5



### The Chase Manhattan Corporation U.S. \$250,000,000 Floating Rate Notes due 1991

For the six months 22nd February, 1989 to 22nd August, 1989 the Notes will carry an interest rate of 9%% per annum with a coupon amount of U.S. \$499.64 per U.S. \$10,000 Note, and U.S. \$2,498.18 per U.S. \$50,000 Note, payable on 22nd August, 1989.

Bankers Trust Company, London

Agent Bank

Strong organic growth in Pacific Dunlop's main busi-

nesses worldwide has resulted in another record half year.

Sales up by 27%. Earnings per share up by 33.5%.

Productivity gains, restructuring and vigorous

growth rate of over 30% since 1980.

Sales Revenue

Operating Profit After Tax

Earnings per Share\*

Dividend per Share\*\*

 Calculated on weighted average shares. \*\*Also attaching to bonus issue.

Among them were:

Pacific Dunlop's figures tell the story. Profit up by 45%.

The profit maintains the company's compound annual

For shareholders, there is a 1 for 10 bonus issue, with

shareholders will receive a copy of the half year report with

marketing of Pacific Dunlop's outstanding range of brands

led to major improvements. This applied to all businesses.

Unaudited figures for the six months ended 31st December 1988

Operating Profit Attributable to Shareholders

full dividend participation, and an increased dividend. All

PREMIER GROUP HOLDINGS
LIMITED
U.S.\$59,000,000
Floating Rate Notes due 1989
NOTICE IS HEREBY GIVEN that the
Rate of Interest for the second subperiod on Coupon No. 10 has been
tixed at 10,375% p.a. and that the
interest payable in respect of
U.S.\$10,000 nominal of the Notes will
be U.S.\$258.49, The total amount due
for Coupon No. 10 (which is the Final
Coupon) due May 23, 1989 will be
U.S.\$499.27.

CHRISTIANIA BANK OG KREDITKASSE 200 ROATING PATENCHES DUE 1999 New Roie of Interest 10% p.c. Interest Payment Date August 23, 1989 Interest Payment Date August 23, 1989 Interest Payment US\$10,000 Note US\$50,277.78 per US\$1,000,000 Note. By Gifbonk, N.A. CSSI Dept. Agent Bond February 23, 1989

STRONG EARNINGS GROWTH

**CONTINUES WORLDWIDE** 

BACOBIONIA CONTRACTOR OF THE PROPERTY OF THE P

# **Champion** Plug agrees

# \$800m offer by Cooper

By Karen Zagor in New York

CHAMPION Spark Plug, an Ohio-based motor components manufacturer, has signed a definitive agreement to be acquired by Cooper Industries for \$21 a share in cash. The offer is valued at almost

Cooper, a Houston-based company, said the tender offer for all outstanding Champion shares would begin tomorrow. The offer will be followed by a merger in which all shares not acquired by Cooper in the offer will be exchanged for \$21

apiece in cash. Cooper said that it would try to complete the acquisition as soon as possible after May 1. It added that the offer is not conditioned on the receipt of fir-

ancing.

Before accepting the Cooper bid, Champion had agreed to be acquired by Dana Corporations of the Cooper bid and Corporations of the Cooper by Cooper tion for \$17.50 a share in cash and securities. Dana will receive \$15m in compensation for Champion's failure to hon-

our the agreement.
Cooper, which had 1988 revenues of \$4.3bn, makes products for the electrical, electronic, commercial, industrial, compression and drilling mar-kets. In 1988 it paid \$322m for RTE, an electrical equipment

### Pennwalt turns down Centaur

PENNWALT, the Philadelphia-based chemical company, has rejected as inadequate a \$116m a share, \$870m takeover offer from Centaur Partners, a New York investment group, writes

Pennwalt said its manage-ment and financial advisers would expiore alternatives such as a further restructuring

and sale of the company.

The company said Centaur's offer bad "deficiencias," including significant financial and legal uncertainities. Moreover, its board "continued to recognise that the background of certain of the principals in of certain of the principals in Centaur Partners is incompatible in the philosophy and best interests of Pennwalt."

 Batteries, which has 16-18% of the USA automotive battery market and recently won Australia's largest industrial battery

Tyres, where the Australian and New Zealand joint venture

making its manufacturing facilities world class.

Dickinson's Edmont division in the US.

SAustralian

(millions)

2,211.2

128.0

124.6

21.9¢

7.5¢

with Goodyear International has committed A\$200 million to

Ansell, which increased its worldwide market share for latex

this month also became the world's largest industrial glove

• Distribution, a new core group with annual sales at the rate of

businesses acquired last November, the largest of its kind in

Change

+26.8%

+43.7%

+45.3%

+33.5%

producer with the US\$228 million acquisition of Becton

A\$1.2 billion, including the successful Repco auto parts

1987

**SAustralian** 

(millions)

1,743.3

89.1

85.7

16.4¢

7.0¢

medical examination gloves, surgical gloves and condoms, and

# INTERNATIONAL COMPANIES AND FINANCE Bush thrift rescue plan

'underestimates cost'

By Lionel Barber in Washington

PRESIDENT BUSH'S plan to rescue the troubled savings and loan industry faces rising scepticism among Congressio-nal and private sector critics who argue it underestimates the true cost of the bail-out by

many billions of dollars. Critics have begun to cast doubt on the optimistic eco-nomic assumptions of declin-ing interest rates and a strong turnround in savings and loan

deposits in 1989. Mr Nicholas Brady, US Trea-sury Secretary, received a taste of the scepticism when he appeared before the Senate banking committee yesterday, the opening of the Bush administration's efforts to sell the

plan to Congress.

He also disclosed that the rescue plan involves closing or merging 150 marginally solvent

thrifts, as well as the previ-ously identified 350 insolvent

Mr Brady repeated President Bush's challenge to Congress on February 9 to pass the fund-ing and reform package in 45 days: "Fast action will help to reduce the industry's cost of funds by getting the insolvent institutions resolved, out of the marketplace and out of the business of needlessly bidding

up the cost of funds.

The Treasury plan calls for \$128bn of spending over the next 10 years, including \$40bn from the Treasury, with the balance coming from the sale of bonds and increased insurance pressures from the indusance premiums from the indus-

try.

However, the Treasury has already altered two important aspects of the plan. The maxi-

mum insurance premium for banks and thrifts would be \$3.50 per \$1,000 in deposits. Pre-viously, the Administration said the maximum would be \$7.50. Currently, banks pay 83 cents and S&Ls \$2.08.

A further acknowledgement of the difficulties faced by the thrift industry appears on the question of "goodwill," the value an institution has as a going concern. Mr Brady said S&Ls will have 10 years to take

"goodwill" off their books.

Mr Charles Bowsher, comptroller-general of the General
Accounting Office, told the
House ways and means committee vesterday that several mittee yesterday that several thrifts which had been rescued last year were in such financial difficulty that they would have to be recapitalised in the new rescue plan this year.

# Broking deal boosts PKbanken

PKBANKEN, Sweden's third PRBANKEN, Sweden's third largest commercial banking group which is controlled by the state, announced a 38 per cent jump in operating profits for 1988, boosted by its acquisition last May of Carnegie, Sweden's largest broker.

The group's granting profit

The group's operating profit climbed to SKr2.9bn (\$460m) from SKr2.1bn in 1987, Taking comparable units, however, PKbanken said operating profits had risen by 19 per cent, which it attributed chiefly to the strong increase in lending to businesses and individuals,

and to a slower growth in

The board proposed increasing the dividend from SKr4.63 to SKr5.5 per share. to SKr5.5 per share.

Group income rose by 13 per cent to SKr7.79bn, while total costs increased by 9.6 per cent to SKr4.89bn. Interest income for the group climbed by 12 per cent to SKr5.71bn, helped by the surge in lending in the Swedish banking operations.

The acquisition of Carnegie, which claims a 15 per cent

which claims a 15 per cent market share, helped boost income from commission

income by 61 per cent from SKr1.48bn to SKr2.08bn.

Carnegie, which was formerly part of Mr Krik Penser's empire, has been kept as a sep-arate brokerage rather than merged with PKbanken's exist-ing brokerage unit.

It said that despite such blows as the stock market crash in 1987 and the widening of the turnover tax in Swede its pre-tax profits slipped only 4 per cent from SKr335m to SKr320m last year.

# SSAB widens ownership structure

By Sara Webb

Swedish SSAB, state-controlled commercial steel group, is to widen its share ownership structure in

share ownership structure in readiness for a stock exchange listing this spring, the Swedish Industry Department announced yesterday.

The move would allow private investors, including foreign citizens, to buy up to 23 per cent of SSAB's share capital although the state would still retain a majority holding, SSAB has been drastically

restructured in the past two years as part of the Govern-ment's plan to introduce it on

the bourse. the bourse.

It reported pre-tax profits of SKr409m on sales of SKr13.5bn in 1987, and the management has forecast profits of about SKr1bn for 1988, although the preliminary results have not been released yet.

One of the conditions for a bourse listing is a wide owner-

bourse listing is a wide owner-ship, as a result existing share-holders have agreed to sell a

total of 7.5m shares since .

The state owns 52 per cent of the votes and share capital in SSAB, having reduced its holding from 75 per cent two year ago. In future, it will control 40 per cent of the share capital and 52 per cent of the voting

A group of institutions owns a further 26 per cent while LKAB, the state-owned iron ore mining group, owns 22 per

# Firestone takeover helps Bridestone to 7% rise

By Our Financial Staff

earnings for Bridgestone, Japan's top tyre maker, rose by 7 per cent last year, to Y70.21bn (\$554m), from Y65.67bn in the previous year, on sales of Y621.416bn, up by 12 per cent from Y557.243bn. Net earnings climbed 23 per cent to Y36.15bn, or Y50.41 a share, from Y29.28bn, or Y44.94 a share. rnings for Brids

Bridgestone, which bought Firestone Rubber and Tire of the US during the year for \$2.6bn, made extraordinary gains of Y1.37bn in 1986 from sales of securities, while it had no such profit in the previous year. On the other hand, extraordinary losses, stemming from a sale of fixed assets,

declined to Yl.53hn from Y4.60bn in 1987, helping to Tyre sales rose by 10.9 per

UNCONSOLIDATED pre-tax cent to Y489.11bn, accounting Officials said demand for new tyres was brisk, reflecting strong sales of cars and commercial vehicles in the midst of robust economic expansion. Sales of replacement tyres were also good.

Sales of such sporting goods as golf balls rose by 13.8 per cent to Y132.303bn, with the support of demand for such products as car seat materials

and conveyor belts. Domestic sales showed an 8.5 per cent increase, totalling Y449.94bn, comprising 72 per cent of overall sales. Exports grew faster, going up 20.0 per cent to Y171.48bn.

Bridgestone also said it will restructure part of its tyre business along geographical

# **Hong Kong and China** Gas reports 32% surge

BY Our Financial Staff

HONG KONG and China Gas, the Hong Kong utility com-pany locally known as Town-gas, reported a 32 per cent rise in 1988 net profits, which increased to HK\$424m (\$54m) compared with HK\$321m in 1987, on revenues up by 17 per cent to HK\$1.53bn, from HK\$1.31bn.

Earnings per share rose to 93 cents in the year to December 31, from 71 cents in 1987.

Towngas's board has recommended a final dividend of 28 cents a share, bringing total payonts for the year to 45 cents, up from 87 cents in 1987. Gas sales rose by 16 per cent

in 1988 to a record 12.25bn megajoules, and Mr Lee Shan Kee, Towngas's chairman, said the company was responding to the strong demand with plans to spend HK\$1hn to build four new plants.

Mr Lee also said Hong Kong and China Gas was considering diversifying its operations and would form an investment sub-sidiary to control projects out-side the gas business.

He forecast that 1989 would be another successful year, and said the company expected to pay total dividends this year of not less than 51 cents a share.

# Compaq move explained

By Louise Kehos

COMPAQ Computer's decision to sever its relationship with Businessland, one of the lead-ing computer retail companies, came after more than three years of discussion surrounding Businessland's demands for preferential treatment by the personal computer manu-

facturer, Compaq claims.

The decision, announced by both companies on Tuesday, relates only to Businessland's US operations, Mr Mike Swavely, Compaq vice presi-dent of sales and marketing esid.

Compaq and Businessiand have still to determine the future of their agreements covering 10 computer stores in the UK, the companies said.

Explaining the break-up, Mr. Swavely said Businessland had formed "strategic partner-shipe" with some other personal computer equipment manufacturers including IBM, but Compaq had refused to enter into such an arrange-ment because it would give the computer retailer an unfair advantage over other Compaq dealers.

Businessland's parinerships with Compac's competitors "obviously detracted from its efforts to sell our products," Mr Swavely said.

# Hewlett agrees to acquire 5% of 3Com

By Louise Kehoe in San Francisco

HEWLETT-PACKARD is to aquire up to 5 per cent of 3Com Corporation, a leading computer networking comcomputer networking com-pany as part of a broad strate-gic alliance agreement. The deal will cover joint product development and a worldwide service agreement between the two companies.

The stock purchase, which will be made on the open mar-ket, was described by the com-panies as an "initial" invest-ment.

At current market prices it is valued at about \$37m. Additional terms of the equity agreement were not disclosed, but it was described as an indication of the strong com-mitment of HP to the SCom

The companies plan jointly to develop computer software that will enable a broad range of types of computers to work together on office networks. Products covered by the agree-ment will link computers run-ning Unix and OS/2, two of the most widely used computer operating systems, as well as Hewlett-Packard's proprietary

Hewlett-Packard's proprietary
HPMPE operating system.
Mr Douglas Chance, HP
executive vice president for
Networked Systems, said: "HP
and 3Com share a vision of
distributed computing in
which users have access to a
broad range of systems using broad range of systems using networking and applications software based on stan-

The software links that HP and 3Com plan to develop will allow customers to choose from a variety of computers, rom a variety of computers, ranging from personal computers through powerful minicomputers, and have them share information, software applications and computer resources, the companies

The HP-3Com alliance fol-lows several other joint development agreemants in the computer industry, aimed at overcoming the lack of com-patibility between different

patibility between different brands of computers. HP and 3Com claim their development efforts are already well underway and the first products of the alliance will be introduced in the sec-ond half of this year.

# Denison Mines to sell oil and

gas assets

in Montreal

DENISON MINES, one of Canada's most successful uranium producers, is pulling out of oil and gas.

The sale of its oil and gas assets, which are in North

America, Europe and Latin America, could raise about C\$500m (US\$420). Last year Denison produced nearly 10m barrels of oil and

about 5bn cu ft of gas.
Returns, however, have dropped severely with lower oil prices. Last year the company wrote down the value of its properties by C\$125m, and

showed an overall loss of

Burns Fry has been retained to find a buyer for the oil and gas assets which will be sold individually or as a package. Denison was built into a large resources by the late Czechborn Mr Stephen Roman on the hase of its Northern Ontario tranium mines, and it diversified into oil and gas, cement manufacturing and potash mining in the 1970s.

The group's cement business has been sold and Denison is pulling back on maximum mining, in anticipation of better

ing, in anticipation of better markets in the 1990s, and on industrial minerals. The future of the company's potash

mining operation is uncertain.

Denison said it expected
world uranium demand and prices to grow significantly in the 1990s

> KANSALLIS-OSAKE-PANKKI

Yes 18,000,000 Sebordinated Reverse Floating Rate Notes due 15th August,

For the 6 sponths period 15th February, 1989 to 15th August, 1989 the Notes bear the interest rate of 3.8148% per centum, IPY38,148 will be payable from 15th August, 1989 per 1971,000,000 traincing) remains of Masses unt of N

**OESTERREICHISCHE** LANDERBANK

ARTIENGESELLSCHAFT Yes 10,000,000 Stapped up Flooring Rate Notes due 18th February, 1992

For the 6 months period 21st February, 1989 to 18th August, 1989 the Notes bear the interest rate of 7.0075% per onnum, IP73,448,194 will be payedle from 18th August, 1939 per IP71,000,000,000 principal amount of Notes,

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Hewlett agrees to of 3Com

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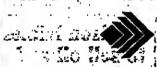
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autonomous US subsidiary requires a young ACA (25-32) to act as Number Two Emance for the UK beed office. Controlli

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As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 2nd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £49 per Single Column Centimetre; Special positions are available by arrangement at £59.00 per SCC.

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22nd February, 1989



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# INTERNATIONAL CAPITAL MARKETS

# Tumbling pound depresses the Eurosterling sector

EUROSTERLING bond prices fell as much as % to % among longer issues, extending loss scored earlier this week, amid a further weakening in ster-ling. The pound slid below DM3.21, prompting concern that still higher UK interest rates will be needed to defend

Several Eurosterling Issues launched within the past week are now well outside their fees, most notably HMC Mortgage Notes number 192, which are are now quoted at less four hid against full fees of 1% per cent. Lead manager Credit Suisse First Boston said that given the slide in underlying UK government glits, the spread on the issue is now 98 basis points over government bonds, up over government bonds, up from 75 at launch. The World Bank's 10 per

cent issue due 1999 was quoted at less 3% bid, a spread of 36 basis points over comparable maturity gilts against a launch spread of 24 basis points. The concern for dealers with inventory still on their books is that hedging, which is done

US DOLLARS
Ford Motor Credit(g) 
DKB Asis(h) 
Nissho Iwai Corp.(i)
Nissho Iwai Corp.0
Elsal Co.0
Atsugi Motor Parts Co.0

uil Tekko Co.(d) \*\*

AUSTRALIAN DOLLARS Issue increased: Kradiothank Int.Fin.ff)

anadian Pac 101, 93...

Euro-Coal& Steel 5 % 97 Euro-Coal& Steel 5 % 97 Elec De France 5 % 97 Forsmark Krtg. 5 % 93 J.A.D.B. 6 97 Japan Dev. Bk. 5 % 95 Japan Finance 5 % 97 Ireland 6 % 97

SWISS FRANCS
Godo Steel Ltd.(a) \*\*\*
KYC Machine Ind.Co.(b) \*\*\*
Oseka Dismond Ind.(c) \*\*\*

with gilts or with futures, becomes ineffective when Eurosterling issues fall faster than the government bond

In the new issues market, Nordic Investment Bank, via Salomon Brothers, launched a DM500m 10-year issue bearing

### INTERNATIONAL BONDS

a coupon of 6% per cent and priced at 101%. While the pricing was deemed reasonable for the borrower, rated AAA, dealers said the issue suffered from adverse market conditions. In adverse market conditions. In the D-Mark Eurobond market, prices dropped as much % points over the day. By the end of the day, the lead manager said the issue had fallen outside its 2% per cent fees to show a loss at less 2.90 bid.
But dealers said the issue may also have suffered by comparison to Tuesday's successful 10-year DM300m Eurobond for EIB, which offered a yield

NEW INTERNATIONAL BOND ISSUES

69.375

101%

FT INTERNATIONAL BOND SERVICE

1904

ertible.  $\Phi$ Final terms. Put options indicated at: a) 30/9/91 at  $104^12$ , to yield 2.22%. b) 20/9/91 at  $104^12$  to yield 2.24%. d) 30/9/91 at  $104^12$  to yield 2.227%. e) Redemption linked to BFr. f) g) Non-calleble. h) Call at par March 1982, i) tesus to be launched in Asia.

about 10 basis points below that of the NIB. While both issues are rated AAA, investors assign a higher value to

Meanwhile, dollar-denominated lasues suffered after news of a 0.6 per cent rise in the US consumer price index for January, more than had been expected

Ford Motor Credit issued \$200m three-year Eurobond via Goldman Sachs with a 10 per cent coupon that attracted an initial flurry of interest at launch. The 101% price gave the AA2 rated issue a spread of 49 basis points over compara ble maturity Treasuries. But dealers said that the frequency with which the borrower with which the borrower approaches the Euromarkets weighed on the deal in addition to the rising fears of inflation. Although the issue was seen trading at its fees at less 1% per cent, co-managers griped that the practipum, the portion of the fee which goes to the lead manager, means they the lead manager, means they are automatically taking a loss of '4 point on the deal.

14/% Kredielbank Int.

Closing prices on February 22

Thungs on

Sense State Office day week Visit

55 1013-1015, 0 403-4.86

45 983-983-0.904-5.01

80 985-983-401-101-4.78

20 1001-101-0-101-4.03-5.02

30 1001-1003-0-1-403-5.02

30 1002-1023-0-104-403-5.02

50 1023-1023-0-104-4.79

50 983-99 0 403-4.75

me... On day 10 on week 10 %

1/5 CSFB ..

# CBOT's watchdog system under fire

By Deborah Hargreave in Chicago

AS THE massive FBI fraud probe continues in Chicago's arkets, the Chicago Board of Trade has been forced to defend its surveillance proce-dures against criticism by the industry's regulator on its insdequacy in spotting trading

The Commodity Futures Trading Commission, which reviewed the CBOT from mid-1987 to mid-1988, reports that the exchange's computer moni-toring systems are deficient in tracking potential trading

The agency has further demanded a monthly report from the CBOT on its routine investigations of trading violations, which the CFTC says are

taking too long to complete.

The CFTC's report is a blow for the exchange as it struggles to defend its integrity in the midst of the far-reaching FBI probe in Chicago. Congressional committees have already called into question the Chicago exchanges' selfthe Chicago exchanges' self-

policing systems.

For its port, the CBOT says it has already addressed many of the issues raised by the CFTC report. The exchange recently announced it was earnessed to the country announced it was earnessed to the country announced it was earnessed to the country announced to the country and the country announced to the country announced to the country announced to the country announced to the country and the country and the country and the country announced to the country and the count marking \$1m to upgrade its computerised trade reconstruc-tion system (CTR) to extend the trade tracking system to

all exchange contracts.
CTR combines trade data with time and sales informa-tion to calculate the time each trade was made. It is a system the CROT has been very proud of, although the CFTC called it inadequate. The CFTC also questioned some of the trading information processed by the exchange, which had incomplete trading times recorded to the processes where report cards.

on members' report cards. The CFTC faces re-authorisation by Congress later this year, where its abilities as a regulator will be discussed. regulator will be discussed.
House Rep. Glenn English,
who is heading an investigation by the House Agriculture
Committee into the CFTC's
effectiveness, called on the
agency to put a moratorium on

all new contracts.
Since last Septembor, the
CFTC has approved 12 new
futures and options contracts,
but Mr English said in a letter to the agency that he believes it should take a "more cau-tious" attitude. The Chlcago Mercantile Exchange said any delay in authorising new prod-ucts will affect the ability of the US to compete on world

# **Broker offers Toyota Motor** bonds at 109

By Norma Cohen

TOYOTA MOTOR Corporation's Ecu100m 8 per cent bonds due 1994 have been offered for sale through a Eurobond broker at a price of 109 against an issue price of 1015, market sources said.

The bonds, which were launched on January 80, have not been available for sale in the market at any price virtu-ally since launch date. At the time, lead manager Credit Suisse First Boston capitalised on short-selling by other Eurobond dealers and purchased about 120 per cent of the issue. Dealers had speculated that CSFB would try to charge higher prices for the bonds to those dealers who had been co-managers in the offering, but who had sold more bonds than they owned in hopes of buying them back more cheaply later on.

### Swiss to amend money supply calculations

THE SWISS National Bank will in future publish season-ally adjusted central bank money supply figures, replac-ing its practice of reporting figures adjusted for end-mo distortions, Reuter reports,

in an advance summary of its February monthly report, it. said the new system had become necessary because of the introduction of new bank liquidity requirements last year and of a new interbank clearing system.

## Goldman Sachs to open unit in Singapore

GOLDMAN, SACHS plans to open in April a wholly-owned subsidiary in Singapore with a broker dealer licence to deal in international securities. By June it plans also also securities. June it plans also to trade physical oil and oil futures, Reuter reports.

The US securities house one reason was the move was the new Simex oil futures market, which facilitates physical 1 ( A ) ( A ) ( A ) ( A )

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### INTERNATIONAL CAPITAL MARKETS

# lowers US Treasuries

By Janet Bush in New York and Katharine Campbell in London

as "disturbing." because of imbali At midsession, bond prices in the economy. were quoted as much as % point lower. The Treasury's benchmark long bond stood groint down at midsession for a yield of 9.11 per cent.

The 0.6 per cent rise compared with sweetstimes of 9.5

pared with expectations of a 0.5 per cent increase and a gain of 0.3 per cent in December. A substantial gain in consumer prices had been expected given the worrying 1 per cent rise in producer prices last month. Mr Greenspan, on the second day of his semi-annual Humday of his semi-annual Hum-phrey-Hawkins testimony, said that he was beginning to see a "stronger inflationary tone." Nevertheless, he had no com-ment on a question from a member of the Senate Banking Committee about whether he would therefore raise the US discount rate.

The CPI news caused a mod-

The CPI news caused a modest sell-off in the dollar although the US currency had bounced from its lows by midsession. The equity market, which was anyway vulnerable after a sharp raily recently, was badly hit. The Dow Jones Industrial Average was quoted 31.07 points lower at 2,295.36 at

Selling in the bond market was very modest considering currency selling, releases

US TREASURY bonds slumped the CPI number and Mr Greenyesterday after the release of span's clear warnings about figures showing a 0.6 per cent the risks of higher inflation. Jaman in consumer prices in Jamany, somewhat above market expectations and described by Mr Alan Greenspan, chairman of the US Federal Reserve, said would eventually emerge

remains something of a mys-tery, as does the absence of

# BONDS -

securities down around if at the long end. The Treasury 2009-2007 closed at 116 if, if of a

point lower than Tuesday's close. Dealers reckneed gilt prices would have fallen a good deal further had the Bank not been a substantial buyer, taking the weakness as an opportunity to bolster its buying in pro-

Sterling's weakness, occa-sioned by the suspicion that base rates had peaked, at least prior to the current bout of

	Coupon .	Ped	Price	Change	Ylete	Week	Month
UK GILTS	9.750 9.750 9.000	1/98 1/98 10/08	108-08 98-19 99-18	-13/32 -21/32 -22/32	10.67 9.99 - 9.05	10.42 9.76 8.92	10.34 9.86 9.05
US TREASURY	8.875 9.000	11/98 11/12	97-10 98-24	-13/32 -17/32	9.30	9.22	9.00
JAPAN No 111 No 2	4.600 5.700	6/98 3/07	98.3315 108.6064	-0.001	4.86 -	4.93	4.84
GEHMANY	6.375	T1/96	95,8500	0,600	7.00	6.87	6.60
FRANCE BYAN OAT	8.000 8.125	1/94 5/99	94.5236 93.1750	-0.162 -0.325	9.17	9.19	8.50 8.47

AUSTRALIA 12.000 7/99 90.0175 +0.402 13.82 13.89 12.97 London closing, "denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

NETHERLANDS 6.7500 10/88 97.4750 -0.550 7.16 7.11 6.77

control over inflation was necessary partly to limit the scope of the next recession which he said would eventually emerge because of imbalances building

THE TIMING of sterling's drop

### GOVERNMENT

Bank of England foreign exchange intervention in the market yesterday. That the currency is no longer flavour of the month, however, is clear, as it again fell more than a permig. At one point sterling dipped below DM3.21. This knocked glit-edged

Treasury prices down. In the cash market, the 8%

RETAIL BUYERS are as absent in Germany as in France. Here the market was depressed both by the higher rates at the Bundesbank repurchase agreement allocation and by the Nordic Investment Bank's

# Jump in inflation index | Liffe accelerates the tempo in technology race

IN THE technology wars being Exchange and the Sydney adopting differs markedly waged by futures and options Futures Exchange have so far from the Globez concept. exchanges around the world. the London International Financial Futures Exchange (Liffe) has fired a further shot with its announcement of a deal with quote vendor Teler-ate. They plan to combine forces in fielding client orders and hringing them to the exchange floor, writes Kathar-ine Campbell.

In a sense, the race to devise the best automated system is harely off the starting blocks, and any monopoly of global networks is still to play for. The higgest challenger to date is Globez, the Chicago Mercantile Exchange's joint venture with Reuters to be innuched during the third quarter of

inflation, and the slightly higher than expected US con-sumer price index figure in this year. The New York Mercantile January did not help matters. Yield curves in most coun-tries have been inverting as tight monetary policy pushes up short-term interest rates, but long-term yield increases are tempered by the thought are tempered by the thought that such monetary squeezes will slow down credit demand allowing the long end of the curve to rally from that point. If the US tight policy resolve is questioned, then long yields elsewhere start looking more stocking.

sickly.

This is particularly clear in the French market. Whereas the spread over the German market had narrowed to 180 basis points a few weeks ago, the spread is now widening again, and is currently 225 basis points in the 10 year

renewed inflationary worries in the gilts market. At the

same time there is the possibil-

ity that short term rates might have to rise again if there were

anything approaching a ster-

CONTINENTAL European

bond markets are beginning to take a dim view of the Federal Reserve's resolve to tackle

rang Technically, the market lacks support levels, dealers complain. There appears to be no level at which domestic buyers can be found in any size. Today the 10-year bond future on the Matif dropped 36 basis points by the official close, to 103.58, and was trading lower at 103.44 in the unofficial market following IV ficial market, following US

tap stock of 1999 now yields 9.19 per cent, compared with 8.59 per cent at the January

DM500m Euro issue which occasioned some switching out of domestic government paper.

The Most Ed Year

777 - 47.

heen co-outed to list some of their products on the CME's after hours trading system, and Matif, the French exchange, is said to be far advanced with its talks.

Liffe is also talking with the

CME because its own system is not intended to extend beyond the European day. According to chief executive Mr Michael Jenkins " Globex may be bet-ter equipped for staying open for the whole of the rest of the

With regard to its own plan, Liffe is looking both to improve the support systems for the existing pit, and to provide an automated trading or directly to the exchange operation for slightly extended hours and for less liquid contracts. The philosophy Liffe is in the extended been executed, details of contracts. The philosophy Liffe is

To begin with, the proposed method of ferrying orders to the exchange floor is different. While the CME has signed an exclusive agreement with the Reuters network for exchange members, as a basis for developing its own global network by inviting other exchanges to join, the Liffe scheme is at once less ambitious and less

excusive.

It aims to allow both members and members' clients to plng in orders directly to a variety of quote vendors—
Telerate being the first—which are then routed automatically to members' offices or directly to the exchange

Liffe is engaged in active discussions with other quote vendors, including Reuters. The Telerate link-up should be ready by the end of the year.
While the order ronting improvements are consistent

with upgrading the existing open outcry facilities, Liffe has also been developing its own antomated trading system APT (advanced pit trading) over the past 18 months. According to yesterday's members' circular, APT will be ready for testing at the end of March. Mr Roger Barton at Liffe adds that it will be "live" before the end of the year. Ini-tially at least, it will be employed for limited afterhours trading for existing husy contracts, possibly an extension to 6.00pm from

4.20pm when the exchange now closes for the long UK government bond future. The strength of the design is that it specifically sets out to emulate the pit environment, in contrast to the so-called order matching method that Globex and most other

systems employ. The Chicago Board of Trade, which until recently wasintransigent in its opposition to any alternatives to the time-honoured open outcry trading methods, now claims it has been developing an antomated order routing and trading mechanism for some time. Liffe officials say they are encouraged that the CBT's approach is broadly similar to their own. The two exchanges

# West German futures face tough debut

Haig Simonian on competitive pressures building up for the Deutsche Terminboerse

that bankers know best in the Bethmannstrasse in Frankfurt is loose change for the multistorey car park nearby. Hardly the place, per-haps, for the Deutsche Terminboerse (DTB), West Germany'a planned new financial futures and options exchange, to be making its temporary home.

But there could soon be a whiff of optimism in the air. When it opens next year, the DTB will spearhead Germany's belated push into the competioptions trading. The computer hardware has already been ordered or installed and a sur-

vey last antumn showed 107 serious expressions of interest" from potential members many of them foreign banks or But while no one doubts the DTB's future, a spate of recent news has raised the competitive stakes - especially as far as interest rate products are concerned. The circumstances are partly competitive and

partly technical, but together they put an extra burden on the DTB to succeed. The London International Pinancial Futures Exchange (Liffe) plans to introduce two new D-Mark contracts in mid-April to complement the futures contract on German government honds, Bunds, which Liffe introduced last

September, A Bund future will

The financial instrument be one of the DTB's key prodnots along with options on 14 leading German equities and an equity index futures contract when it opens.

Despite some scepticism at the ontset, particularly in Frankfurt, Liffe's Bund venture has gone remarkably well with average daily volume, boosted by the December delivery, running at around 10,000 to 12,000 contracts a day. The success of the Bund has prompted Liffe to round out a family of D-Mark products. On April 20 trading will start in an option on its Bund future and on a three-month EuroD-Mark

considerable interest by international users. Together, the two will increase Liffe's competitiveness in D-Mark products and undoubtedly make it more dif-ficult for the DTB to win back business, despite the fact that the bulk of the underlying cash market for Bunds is in Germany. Nor has the DTB itself has announced any plans for an option on its Bund future or

interest rate future. Both are said to have been the subject of

Yet there could be a further surprise in store for the DTB from Paris. The Matif, the French futures exchange, which has had great success with its government bond contracts, is now considering plans for a foreign currency

a contract for the short end of

the vield curve.

interest rate contract. The Matif will not specify what cur-rency the new contract may be

denominated in; some observ-ers suspect it will be D-Marks. Thus, months before It opens, the DTB could be facing competition from two estab-lished exchanges in similar time zones in D-Mark interest rate products.
The DTB also has problems

on the home front. Last month the German cabinet passed the country's new stock exchange law, which will lay the essential legal foundations for the new market. Approval of the draft bill in the Bundestag, the government-controlled lower house, should pose no prob-lems. But the situation in the Bundesrat - the upper house - where states' interests are

represented, could be more difficult. A number of states have indicated their intention to use the new stock exchange law to introduce bourse legislation of particular local interest.

Tow matters go on the political side will probably become clearer on March 10, when an important Bundestag-Bundesrat commit-tee meets to discusse the issue. If some states have their way, the legislative process could be delayed. Important technical issues

have also been raised recently. The big question is clearing -and especially margining -

the DTB's planned futures contheir systems for its use. tracts. Arguably, the question of developing an acceptable and competitive system for margining and clearing futures on the DTB is more important for the long-term success of the exchange than any short-term political wrangles.

The issues are complex, and exceptionally sensitive. At its simplest, the issue revolves around whether the software designed for the DTB - which is modelled on the Swiss Options and Financial Futures Exchange (Soffex) - is ideal for clearing and margining

futures contracts.

According to at least some bankers behind the project, the Soffex system, could be improved in order to introduce a better risk-related margining system to make the DTB more competitive.
The question of competitive-

ness is paramount in view of the current challanges facing the market, it is argued, and the fact that a growing number of European financial futures and options exchanges may be moving towards broadly simi-Thus a handful of foreign

clearing companies, notably the London-based International Commodities Clearing House (ICCH), which is involved in trading, margining or clearing on a large number of European There have already been contacts between the ICCH and the DTB's "user approval group," with a view to showing how an alternative system might suit the exchange.

he issue is a minefield, both in view of the close relations between German and Swiss banks — which are behind Soffex - and suggestions that any radical changes could delay the planned opening of the DTB, which its hackers want to avoid at all costs.

The questions are highly complex, with a relatively small number of bankers having the specialised background required. But with e heavy time constraint on the DTB, it looks as though the school of thought in favour of retaining the present system rather than bringing in an outside company like ICCH has won the day, although there are still snggestions that outside groups could come in after the

exchange's debut. The ultimate aim - to create German exchange with the highest regulatory standards which will trade interesting products in a way which is appealing to international institutions - unites all the schools of thought. With the international competition exchanges, have been talking mounting, the question is how to the DTB about adapting quickly the DTB can do it.

# **"LONDON MARKET STATISTICS**

### and the state of t FT-ACTUARIES SHARE INDICES

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loss are the joint compilation of the Pinancial Times the institute of Actuaries and the Faculty of Actuaries

ponds all	MOUNTY CROUPS	W	edneso	lay Feb	ruary	22 19	89 .	豆	- Feb	[持	(spprox)
my harrie fitte	SUB-SECTIONS  Figures in parentheses show number of stocks per section	index No.	Day's Change	Est Exploss Vield% (Max.)	Yield %	Est. P/E Ratio (Net)	nd adj. 1989 to date	todex No.	index No.	traiex No.	index No.
	1 CAPITAL 60005 (207)	915.84	-1.1	19.24	3.91	11.98	1.37	12L97		911.88	
	2 Building Materials (28)	1146.54	-1.5	11.09	3.98	21.69	0.33	1164.00	1171.21	1147.94	96735
	3 Control of Materials (20) 3 Contracting, Construction (38) 4 Electricals (10) 5 Electronics (30) 6 Mechanical Engineering (55) 8 Metals and Metal Forming (7)	2686.77	-0.9	11.77	3.44	11.06	1.58			1664.98	
	4 Electricals (10)	2660.21	-1.4	9.84	4.25	15.21	7.63			2661.81 2849.23	1517.44
	6 Machanical Engineering (55)	492 46	-8.5	9.76	3.43	12.55	153	494.22	495.43	489.53	
	8 Metals and Metal Forming (7)	572.30	-0.8	14.69	5.44	7.45	2.04	. 524.71		523.16	
17	9 Motors (17)	397.64	-0.8	10.56	4.27	18.99	8,08	312.28		311.21	283.64
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	21 CONSUMER GROUP (186) 22 Brewers and Distillers (22) 25 Food Manufacturing (21) 26 Food Retailing (15) 27 Health and Household (13)	2005.67	-1.0 -2.5	8.79 9.86	3.69	14.32 14.53		1856.42 2654.88		2129,35	835.91
ويستنقل ببران	20 Food Retaining (13)	2004 79	14	4.40	2.59	17.39				2129.25	
1000	29 Leisure (33)	1583.73	-0.8	7.51	3.30	16.67	11.11	1576.72	1512.25		1212.23
4 4 4	29 ( Lisare (33)	588.36	-1.6	14	3.89	13.12	9.53	597.83		514.81	
	32 Publishing & Printing (18)	3701.33	-45	1.55	4.24	14.65	3.34	3721.35	3771.23	3735.57	3444.35
1	34 Stores (33)	742.48	-1.5	11.14	4.54	11.81	. 144	774.44	775.46	772.48	\$24.18
L. L. Fred	35 Textiles (1.4)	515.86	-1.4	13.50	5.52	1.47	1.25	523.M	519.41		568.12
	40 OTHER GROUPS (94)	1638.90	-1.5	19.15	4.16	12.65		1054.44		1145.47	
	41 Agencies (18):	1243.54	-0.3	8.65 19.80	4.43	14.24	2.19	1253.84	1253.65	1251.91 1218.92	1184.52
	42 Chemicals (22)	1449 67	-1.4	19.30	5.44	18.82				1469.16	
	45 Shipping and Tetamort (13)	2300.20	-1.2	2.32	3.44	15.52				2286.53	
	47 Telephone Networks (2)	1006.67	-2.0	19.81	4.32	12.43	9.00	1189.75	1195.97	1887.71	145.57
	48 Miscellaneous (28)	1449.91	-1.7	9.76	3.75	11.66	8.62	1474.34	1472.56	1452.06	1153.44
	49 INDUSTRIAL GROUP (487)	1085.18	-13	7.62	3.84	12.87	1.48	1899.50	IIDLEO	2008,71	927.59
	51 Oil & Gas (13)	1900.95	-0.4	9.61	. 5.93	13.31	0.00	1916.46	1925.64	1992.86	1724.71
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+n 9F	621 Ranks (8)	747.52	-1.8	19.40	6.01	6.83	1.47	761.30	756.65	752.54	654.37
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71838			744	3.65	6.42	14.44	8.68	302537	1824.38		874.51
1.00	68 Merchant Banks (11)	348.53	-9.7 -0.5	5.51	2.51	23.09	9.83		351.62	359.61	336.97
	68 Merchant Banks (11). 69 Property (53). 70 Other Financial (32)	351 17	-1.6	9.35	5.34	13.45	1.47	336.88		1301.26 385.79	384.27
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A	71 Investment Trusts (74)	497 44	+1.8	8.97	3.07	12.42		674.51		664.55	41LA
* - T. T.	91 Overseas Traders (8)	1461.63	-83	8.92	4.77	13.00			1415.68	1497.17	1812.83
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### **LONDON TRADED OPTIONS**

EXPIRY DAY in individual stocks with contracts closeable in February were a dominating feature in the London Traded Options Market yesterday. British Gas, was, even so, e more striking feature. Gas ettracted e total of 5,799 contracts, each worth 1,000 shares. The share lost 2p on the underlying market, to 174p, but found trading in the options of 2,351 calls and 3,448 puts, in e total of 5,799 contracts.

was exceptional for the fact that it has a March, rather than e Febru-ary expiry. A crossed deal was seen from one broker, attempting to buy 1,000 contracts in the calls and selling 1,000 in the puts. Most business in it was see

CALLS PUTS
Apr Jul Set Apr Jul Set

ber 180 puls, which alone attracted 2,100 contracts, of which 2,000 contracts represented an opening of interest. There was also, however, opening on the call side, in which there was trading of 2,001 contracts, concentrated the most heavily in the June 180s, turnover in which raise open interest on the early count from 5,934 contracts to 6,751. There was, at the same time heavy dealing in the June 160 puts, amounting to 980 con-tracts, and heavy cutting of open

interest.

The February expiry stocks to attract attention had emong them Cadbury Schweppes, which found

5.754 contracts, made up of 4.564 calls and 1,190 puts, es the underlying share price lost e little ground — as did many stocks, and as the FT-SE 100 index tell 27.3 points on the day to 2,033.7. The recent tall in sterling, and uncertainty over the trend of monetary policy in the US left finan-cial analysts to make subjective judgements on the likely course of world interest retes.

Plessey found 3,331 call con-tracts traded, end only 15 puts, though the underlying price showed no more than a 1p rise to contracts in Bacal, mostly call. end 2,313 In Trusthouse Forte,

New Jost Sep Mar Jon Sep

140 14 21 27 5½ 9 11 160 4 11 16 15 20 24 180 2 4½ 10 34 34 36

Option

(\*327 ) 330 39 45 52 5½ 13 16 (\*327 ) 330 16½ 27 33 16 21 24 350 7 17 23 37 41 42

# Finding balance in the chemicals equation

Peter Marsh on the importance of the two main sectors of ICI, which reports today

F COULD do with a good recession." So said a top executive at Imperial Chemical Industries, Britain's biggest chemicals company, recently, and not entirely with his tongue in

Behind this apparently inexplicable comment lies a peculiar set of circumstances which in recent years has caused headaches at the world's fourth largest chemicals group, which today unveils its finan-cial results for 1988.

In many ways, the difficul-ties are more to do with image than with substance. Certainly few people inside or outside ICI are likely to ha



wildly displeased with the 1988 profits, which are expected to involve a rise of about 12 per cent over 1987. Taxable profits

are likely to be some £1.5bn on sales of roughly £11.6bn. At the heart of the discus-sion about ICI is the skew between its activities in what are generally labelled speciality and commodity chemicals. Speciality products include relatively high-value. research-intensive materials such as crop-protection com-pounds, paints and coatings. pharmaceuticals and engineering plastics. They are thought to be generally immune from the ups and downs in global economic cycles and thus have relatively good growth pros-

In the commodities category are more traditional bulk products including high-volume plastics, fibres, general indus-trial chemicals and fertilisers, These materials tend to be

affected by fluctuations in demand sccording to general economic factors. Prices swing about secordingly and this can lead to sharp peaks and troughs in profits, making planning difficult.

In recent years, many finan-cial analysts have used this factor to warn investors sway from buying shares in commodity chemicals companies. Speciality businesses have, however, been all the rage.
ICI itself is not immune to

the general arguments about the qualities of the speciality chemicals sector and has turned its husiness heavily in this direction in recent years.
It has spent £2.8bn in the

past four years huying 120 companies, mainly in the apeciality sector. Thanks to these purchases, which have included Glidden and Stauffer, two big US manufacturers of paints and agrochemicals. high-value speciality chemicals account for about 60 per cent of ICI's sales.

The moves in this direction seemed overwhelmingly obvi-ous early in the decade when the world's commodity chemicals market was in terrible shape, thanks to over-capacity

and insufficient demand.

Over the past two years, however, commodities have returned to profitability in most industrialised nations. Selling conditions have improved immeasurshly, thanks to a huoyant world

(	by per cent of	coperating pro	fit)
	Commodities*	Specialities†	iCl operating profit (£bn)
1985	45	55	0.89
1986	45	55	0.98
1987	49	51	1.23
1988 (est)	49	51	1.42

image that stockmarket ana-

lysts have of the company.

With the idea abroad that ICI is still very much locked into commodity chemicals, ICI's

shares have traded weakly for much of the past 18 months, although they have in recent weeks benefited from the gen-

eral surge in stockmarkets around the world. This comes back to the view
- shared by some in ICI as
well as many observers outside

- that the company might indeed have something to gain from a recession. Although, according to this view, ICI's hulk chemicals sales might

well suffer, the company's spe-ciality-oriented activities

would shine through more strongly and present a better image of the group – at least in stockmarket terms.

Mr Jeremy Chantry, an analyst at Kleinwort Benson,the

London stockbroker, puts it this way: "ICI is saying it has changed from being a commod-

ity supplier and as a result it is

Some industry observers,

however, rail against taking what they see as a too simplis-tic view of the chemicals

economy and the capacity cuts forced on many chemicals producers in the early 1980s.

ICI's own hulk chemicals operations have benefited from this trend. Prices of many of the hulk chemicals sold by ICI have rocketed. These materials are now thought to be accounting for roughly 49 per cent of ICI's operating profit, com-pared to 45 per cent in the

The share of profits provided by specialities - despite all the cash ICI has spent in this direction - has accordingly fallen. ICI is not complaining too strongly about this turn of

In some ways it is only too glad its commodity operations have had a new lease of life. But the peculiar circumstances of the past few years have dealt a hlow to the company's efforts to present itself to the financial community as a speciality-oriented chemicals com-

All this would not matter very much were not ICI's share price highly dependent on the

thanks to a puo;	ant work	brice ment	deberment on m
	FIT TO BUL		CALS PRICE RISES
Product	Est sales 1988 (£m)	Price Dec 88	Price Dec 87
Ethylene" Ethylene glycol" Benzene" Caustic soda" Chlorine" Ammonia" Titanium dioxide§ Polyvinyl chloride§ Polypropylene§	360 70 130 370 200 400 320 350 190	748 1,176 564 450 201 141 4,4 1.8	473 550 262 380 223 125 4.0 1.6 2.0

ICI's commodity operations in recent years has helped to pay some of the bills for the speciality-oriented acquisitions.

Other people in the chemicals business say the specialities/commodities arguments

can easily founder because of problems of definition. According to this view, some substances normally called commodities – polyurethans plastics is a good example – are rapidly becoming a speciality by dint of the degree of customisation which has to be done on a specific product to tailor it to a customer's needs. Looked at in this light, other bulk materials, even high-vol-



as alkali chemicals, may have entirely good growth prospects — just so long as the compa-nies making these products keep up to scratch factors like management and technology.

Mr Bob Muller, a chemicals expert at SRI International, a California-based consultancy, takes a long-term view of ICI's far more resilient [to swings in the economy]. But the market is still waiting to see this in the company's financial overall growth prospects. He says that, particularly in the US, where the company has about a quarter of its business, it is poised to do well in several areas of speciality chemicals including paints and agrochomicals.

"In the past two years, the commodity chemicals industry has benefited from the unusual world. They dislike the general assumptions behind the view that all specialities are good and anything to do with com-modities is bad. demand factors and has basically been lucky," Mr Muller says. "In the 1990s the special-ity side of the business is going Ms Jinty Price, an analyst at Barclays de Zoete Wedd, points out that the links between the to be the more important. think ICI's strategy is basically sound." two sectors can be quite direct in that the cash coming out of

# Siemens/ **GEC 275p** bid derided by Plessey

By Hugo Dixon

PLESSEY, the besieged UK electronics group, yesterday described as "laughable" sug-gestions that it would agree to sell itself to GEC of the UK and Siemens of West Germany for 275p a share. Plessey's statement followed

reports in the press that it was in discussions with the Anglo-German consortium to work out an amicable settlement to their bitter fight. The GEC and Siemens hostile hid for Piessey is now being investigated by the Monopolies and Mergers Commission.

"Plessey will not allow itself to be bought on the cheap by two overweight conglomerates who want to carve it up for their own benefit;" Mr Stephen Walls, the company's managing director, said in the statement. n discussions with the Augio-

nent. However, Plessey did admir

However, Plessey did admit that a meeting took place last week between Mr Walls and Mr Malcolm Rates, GEC's deputy managing director. This, it said, was to discuss the running of GPT, the joint GEC/Plessey telecommunications venture which at present is the subject of a legal dispute between its two parents.

Plessey said that "no major crisis" had caused the meeting to be held, and that it was conducted amicably and in a businesslike manner. GEC's Plessey bid had not been on the agenda, and there had been no other meetings or discussions between the two companies, Plessey said.

cassions between the two com-panies, Plessey's shares closed last night up 1p at 258p.

• Guardian Royal Exchange has reduced its stake in Ples-sey from 6.57 per cent to 5.48 per cent through the disposal of some 8.18m ahares.

### BP America declines 56% in fourth quarter

BP AMERICA, the US subsidiary of British Petro-leum, said its operating profit from continuing businesses fell by 56 per cent in the fourth quarter as earnings plunged in its exploration and production, husiness, AP-DJ reports from Cleveland, Ohio. For all of 1988, BP America reported operating profits from continuing operations of \$1.67bn (2955m), down 20 per cent from the \$2.1bn from continuing operations achieved in

Including the minerals bust ess BP has agreed to sell to RTZ Group, in 1988 BP Amer ica had operating earnings of \$2.13bn (\$2.26bn).

In the fourth quarter, operating profit from continuing husinesses fell to \$232m (\$528m), as earnings from exploration and production declined to \$58m (\$499m). BP America carned \$152m (\$85m) from its discontinued minerals operations in the fourth quarter, increasing total operating earnings to \$384m (\$613m).

Mr Geoffrey Mulcahy (above), chief executive of Woolworth Holdings, revealed yesterday the group's new corporate name—Kingfisher. The move is designed to end confusion between the Woolworth corporate name and the Woolworths chain of variety stores which it owns, and between Woolworth in the UK and its counterparts in the US, Australia, South Africa and elsewhere. It also reflects the changes in the Woolworth group since the new management team moved in in 1982.

Woolworth now encompasses Comet, the electrical retailer, B & Q, the UK's largest do-it-yourself chain, and Superdrug, the leading drugstore chain, as well as a number of smaller experimental retail brands and the Chartwell Land property development business. Mr Mulcahy said the new name would "lover a stronger sense of corporate purpose and this will help to accelerate the group's progress in achieving sustainable competitive advantages in all its markets."

BTS Group 5	1.3		4.25
Crestonint 0.71 Apr 3	-	_	1.6
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St David's invint 4	3.5	-	10
Tavenersfin 1.25	1.25	1.25	1.25
Ueber (Frank) §int 2 Mar 29		-	8*

rights and/or equisition lesses, SUSM stock. SSUnquoted stock. 4Third market, \*\*For 16 months.\*\*

### UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY Indices of industrial production, manufacturing output [1985=100]; engineering orders (£ billion); retail sales volume (1980=100); retail sa

	" prod.	- Suchanit -	ander*	.woL	value	proyed	Macs.
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2nd at	109,4	112.6	31.2	137.0	151.2	2,364	255.2
3rd ob.	7111.0	110.5	31.6	136,2	188.0	2,228	244.3
4th ctr.	179.8	117.0		340.8	226.9	2,101	244.9
March	106.4	111.4	31.7	135.4	175.1	2,454	249.4
April	100.9	111.6	31.0	136.3	180.4	2,403	255.5
May .	109.5	112.9	31.3	137.7	180.4	2,354	254.5
June	110.0	113.1	81.2	137.0	182.3	2.324	255.1
July.	- 170.2	114.0	31.3	140.0	197.4	2,267	249.7
August '	110.9	116.4	31.7	139.5	187.6	2,226	242.7
September	111.5	117.1	31,0	138.4	185.6	2,192	240.3
October	111.0	117.1	32.0	141.2	198.6	2,158	251.2
November	111.7	117.4	32.0	140.4	210.0	2,106	246.2
December	109,7	116.6		140.6	272.2	2,039	236.1
January				138.7	•	1,990	229.2

OUTPUT: By market sector; consumer goods, investment goods (materials and fuels); engineering output, tretal milesther and clothing (1985 – 100); housing starts (000s, month

197.4 110.5 115.8 115.8 115.9 110.9 112.9 116.9 117.9 117.9 112.9 4,426 4,783 4,251 1,034 1,272 1,773 1,572 2,001 1,502 1,503 1,503 1,503 1,503 97.8 96.8 99.1 97.8 96.8 96.2 96.7 96.8 97.6 97.4 96.8

2.50 5.2 6.6 7.7 6.4 7.3 6.8 7.8 6.7 7.7 7.7 7.7 20.6 18.8 17.4 14.4 21.5 20.0 18.6 19.1 15.8 17.4 13.7 11.7 20.8 20.5 22.7 20.4 16.7 18.9 20.5 21.1 20.8 22.7 18.9 26.4 9.50 11.59 12.76 8.09 7.50 9.50 10.59 12.06 12.00 13.09 +15,343 +15,740 +13,379 +6,648 +3,749 +5,139 +5,139 +3,362 +5,660 +4,237 +3,268 +5,858 +1,165 +1,092 +673 +313 +363 +429 +345 +471 +276 +185 +285 1,576 1,366 1,239 1,362 1,179 621 1,583 766

13.00 96.3 97.2 98.8 100.1 96.4 97.7 98.5 99.4 98.2 98.2 98.2 2nd qtr. 2nd qtr. 4th qtr. April May June July August Septem Octobe 111.0 112.6 113.9 115.2 112.2 112.8 113.0 113.5 113.9 114.3 114.8 115.2 103.5 184.6 104.7 105.7 104.4 104.0 104.4 104.6 104.6 104.6 104.6 104.6 1,747 1,817 1,902 1,736 1,776 1,976 1,976 1,872 1,874 1,874 1,968 1,521 75.5 77.5 77.5 77.5 76.2 76.3 75.6 76.3 76.3 77.1 108.2 108.5 109.9 108.8 106.2 108.6 108.7 167.9 108.4 109.5 110.0

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"Not sessonally adjusted

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107.A

# First Technology claims 33.4% of Ricardo shares

By Nikki Tait

FIRST TECHNOLOGY, the manufacturer and designer of safety equipment for the automotive, security and fire detec-tion markets which is cur-rently waging a £21m bid for Sussex-based Ricardo, claimed control of \$3.4 per cent of its target at yesterday's first clos-

The all-share offer is being extended to March 8. When it launched its bid. First Technology already held. 14.9 per cent of Ricardo, the engines and transmissions designer. It also had irrevoca-

hle undertakings to accept the offer from shareholders speaking for another 13 per cent. Of these shareholders, CH Industrials, its subsidiary Oceanic Commercial Holdings, an Oceanic associate Steadfast, and the quoted UEI group, have now sent valid accep-

tances. These cover 11.1 per cent of Ricardo's shares The other principal acceptance has come from Popeshead Nominees, speaking for just under 5 per cent of the shares, and representing an interest beneficially owned by

Schroder Exempt Fund. Valid acceptances at yester-day's closing date totalled 18.4 per cent of Ricardo's shares. irrevocable undertaking to accept in respect of a further 1.9 per cent of the equity from

Zurich-based Privatbank First Technology said the position was "very satisfac-tory" at this stage of the bid.

### PWS results

PWS Holdings, the troubled Lloyd's insurance broker, will announce tomorrow its results for the year to September 30. Last week PWS said the results, due to be announced on Monday, would be post-poned indefinitely.

### Williams Hldgs in £8.35m sale By Nikki Tait

Williams Holdings, the sequisitive industrial conglomerate, is selling BC Sanitan, s Reading-hased whole-saler of bathroom products, to a management buy-out team for £8.35m.

The company was acquired as part of Smallbone Group, the upmarket manufacturer of and bathroom furniture which Williams took over in an agreed £34.5m bid in October last year. Last year Sanitan had pre-tax profits of £736,000 on sales of £3.6m.

The buy-out team is led by Mr Chris Wilson, the former Smallbone finance director. He will become non-executive chairman of Sanitan. Funding is via £3.5m of equity finance - coming from the management team and Granville, the investment business. The balance is supplied by secured bank borrowings, provided by Lloyds Bank, and Sanitan's

own cash resources.

# Appletree fails in quest to find satisfactory buyer

By Nikki Talt

APPLETREE HOLDINGS, the fresh produce supplier that is 24 per cent-owned by British & Commonwealth Holdings, has failed to find a huyer willing to make an offer for the entire company at an acceptable

It also says it is no longer either of its two operating divisions - fresh produce and Kil-dare, the Irish beef producer. Instead, it says that it intends to "continue to support and develop them."

Applished effectively put itself up for sale just before Christmas, when it said that shareholders speaking for 70 per cent of its shares had informed the board that they would consider offers for the

Appletree added yesterday that it planned to send the annual report to shareholders shortly and that in this, the current chairman would warn that Kildare is currently experiencing "difficult trading condi-

in the half year to April 2, Kildare is expected to show's breakeven position compared with pre-tax profits of £370,000 last time. It adds that fresh produce is trading satisfacto-rily, and that Appletree is bonefiting from interest earned on its £13m of cash deposits — which are largely derived from the sale of Hunters Foods in late-1988.

Applatree shares were unchanged at 144p yesterday.

### Ewart

Ewsrt, the Bslfast-hased property developer, has asked us to point out that its net ets per share at October 31 1988 were 117p. The company's interim statement issued on Tuesday incorrectly stated the

# News Digest

### FRANK USHER Fall at the interim mark

FRANK Usher Holdings. rkana. Usaer Houngs, USM-quoted evening wear manufacturer, returned profits of 2634,000 pre-tax for the six months ended November 30 from a turnover of £6.68m. The London-based company has changed its year-end to May 31 and the reported figures compare with £783,000 pre-exceptional item and 26.95m respectively for the half year to January 31 1988.
Earnings emerged at 6.1p
(6.37p) per 5p share and
shareholders are to receive
a same-again interim dividend

**TAVENERS** Profits down to £212,000

Taveners, a Liverpool-based manufacturer of sugar confectionery, increased its 1988 turnover by £1.31m to £10.67m but saw its profits at the pre-tax level decline from an adjusted £278,527 to \$212,022. Earnings fell to 6.91p (9.16p). Dividend for the year is a same-again 1.25p.

**ENGLISH & SCOT** Dividend up 47% to 2.5p

A 47 per cent uplift in dividend is announced by English and Scottish Investors. A second interim payment of 1.85p gives a total of 2.5p for the year ended January 31 1989, against 1.7p. The large rise stems, in significant part, from an

received from portfolio liquidity held during much of the year. The portfolio is now fully invested.

### CRESTON **Back into** the black

Creston reported a turnround for the half-year to December 31 1988, from pre-tax losses of £25,000 to profits of £259,000. Turnover rose from £4.96m to £5.29m. After tax of £106,000 (credit £41,000), earnings per 10p share were L27p (losses 1.79p). There is a maiden interim dividend of 0.7p.

KLEINWORT O'SEAS Net assets rise by 15%

Kleinwort Overseas Investment Trust reported net assets per 25p share up 15 per cent from 140.3p to 161.6p at December 31 1988. After tax of £1.12m (£1.09m) net revenue for the year totalled £2.28m (£2.22m). A proposed final dividend of 1.7p (1.6p) makes a total of 2.7p (2.6p).

ORCHID TECH Recovery at six months

Orchid Technology, the California-based software company which is quoted on the USM, reported a good recovery in pre-tax profits, up from \$380,000 to \$1.1m (£631,000) in the six months to December 31 last. Sales for the period increased from \$11.19m to \$15.12m.

### Republic National Bank of New York A subsidiary of REPUBLIC NEW YORK CORPORATION **Consolidated Statements of Condition** December 31, Liabilities and Stockholder's Equity December 31, 1987 1987 1988 Cash and dua from banks Interest bearing deposits Non-interest bearing deposits: In domestic offices \$ 357,243 \$ 404,957 In foreign offices 8,376,228 209,185 2,855,055 189,041 terest bearing deposits: In domestic offices In foreign offices with banks 7,920,973 2,615 3,096,098 126,022 4,261,657 7,755,410 5,020,025 investment securities 8,103,816 Trading account assets 12,777,172 Total decosits 13,897,318 Short-term borrowings 314,899 2,372,090 667,095 2,406,282 145,160 Federal funds sold Acceptances outstanding Accrued Interest payable Other fiabilities and securities purchased under 206,261 265,488 1,465,905 997.846 resale agreements Long-term debt Loans, net of unearned Stockholder's Equity: Cumulative preferred stock, \$100 par value: 1,000,000 3,668,591 3,747,944 Allowance for possible (154,801) (217,588)shares outstanding Common stock, \$100 par value: 4,800,000 shares 100,000 100,000 Loans (net) 3,513,790 3,530,356 authorized; 3,550,000 shares outstanding Customers' liability on 355,000 845,000 309,387 355,000 ecceptances Premises and equipment 2,362,087 320,002 298,080 456,191 2,396,265 337,718 243,183 860,000 316,123 Surplus Retained earnings Accrued interest recei Total stockholder's equity 1,609,387 1,531,123 301,626 Total liabilities and \$20,153,084 \$18,840,096 stockholder's equity \$20,153,084 \$18,840,096 Total assets \$ 1,325,341 \$ 1,164,263 Letters of credit outstanding The portion of the investment in precious metals not hedged by forward sales was \$17.5 million and \$6.9 million in 1988 and 1987, respectively. REPUBLIC NEW YORK CORPORATION Twelve Months Ended Three Months Ended Summary of Results December 31 December 31. (in Thousands Except Per Share Data) 1988 1987 1988 1987 \$ 169,650 \$ 33,041 \$ 50,049 \$ 22,059 Income before extraordinary item \$ 22,059 \$ 8,661 \$ 169,650 Net income Cash dividends declared on common stock Per common share: .57 .57 .29 Income before extraordinary item 5.01 1.20 Net income Cash dividends declared Average common shares outstanding 29,961 29,625 30,045 29,865 \*Results reflect a special provision for loan losses of \$110 million and losses of approxima ately \$84 million on marking to market or sales of certain outstandings in lesser developed countrie Fifth Avenue at 40th Street, New York, New York 10018 (30 offices in Namihatian, Bronx, Brooklyn, Queens, Wastchester & Rockland County) Member Federal Receiver's System/Member Federal Deposit Insurance Corporation

# **UK COMPANY NEWS**

# Bowater makes West German freight disposal to P&O for £45m

# Concentration on core activities

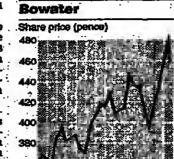
ash. P&O will buy Bowater Beter ligungs, which owns 36.2 per cent of Rhenania. Schiffahrts

PENINSULAR AND Oriental warning subsidiary of Ratus, a Steam Navigation Company Swedish holding company. (P&O) is to buy Bowater Industries' West German freight ser-accelerate the expansion of the vices subsidiary for \$245m in core business. As part of this strategy, Boyster mounted an 281m counter hid for Chamber-lain Phipper the shee compo-nents and adhesives group, on Treaday

cent of Rhenania Schiffahrts und Speditions, and all of Roba and Mondia Kirwan, freight handling, storage and distribution companies.

Bowater put the businesses up for sale last November as part of its drive to concentrate on core operations of print and packaging, coating and laminating, building materials and Anstralian interests.

Three weeks ago, Bowater sold AmAs Holding, a customs than and warehousing operations than network, which inclindes and warehousing operations than network, which inclindes for parations and some P&O Containers operations.



P&O deferred shares dropped. from 683p to 665p in a weak market, and Bowater shares circular tn shareholders explaining last month's £73m acquisition of a 25.65 per cent stake in Norton Opax, the spe-cialist and security printer. Bowater, which hopes to develop a close working rela-tionship with Norton, said the printer's major strength lay in its leadership in certain niche

"The activities of Bowater and Norton Opax are comple-mentary", the statement said. Bowater wants to be a sup-portive shareholder. but according to Norton, has refused to rule out a bid for the printer within the year.

The packaging group said disposals of non-core husinesses would reduce the group's gearing, even after tak-ing the Norton stake purchase

# Bowater nets 7.48% of Chamberlain

packaging and industrial products group, said yesterday that Tuesday's raid on the shares of Chamberlain Phipps had netshoe components and adhesives company.

On the same day, Bowater launched an £81m cash bid for Chamberlain Phipps toming a offer.

Sives company.

On the same day, Bowater says it stands by the launched an 221m cash bid for chamberlain Phipps, topping a offer.

BOWATER INDUSTRIES, the \$75m recommended offer from packaging and industrial prod. Evode, the plastics and chemi-

The Bowater offer is 220p in cash, with a loan note alterna-tive. The Evode offer - 10 ordinary plus 21 convertible preference shares for every 20 in Chamberlain - is worth 198.60 per share or around £75m in

There was little activity in Chamberlain Phipps' shares yestarday - the SEAQ

system showed that only 163,000 shares were traded — and the institutions appear to be waiting for a statement from the Chamberlain board.

S G Warburg is advising Bowater, Evode is advised by Morgan Grenfell and Chamberlain Phipps hy Baring

#### Meyer sells Bambergers

GONDONNA 20

BIC INDICATOR

Meyar International, the meyar international, the builders' and timber mer-chant, isselling Bambergers, a wholly-owned subsidiary whose sole activity is a wharfinging operation on the River Crouch for £3.95m cash. The buyer is shipping company, Ship-Link UK.

Meyer, which lost out in the bid battle for Travis & Arnold

but recently acquired the UBM builders merchanting chain, says that major expenditure is needed and that its nwn throughput alone could not

justify the outlay.

The book value of the assets

# BTS slips 24% midway

BTS GROUP, the Midlands-based remoulded tyres and replacement battery company, yesterday reported a
24.3 per cent fall in pre-tax
profits in the six months to
September 30, but signalled its
intention to diversify into the
office services market through the acquisition of Hilcon for up

to £5m. Hilcon supplies and main-tains office systems throughout the UK. Its main interests are in selling computers, pho-tocopiers and facsimile machines.

BTS's pre-fax profits fell to 281,000 (£107,000) on increased turnover of £5.65m, (£4.99m). sold is £700,000. In the year to end-March 1988, Bambergers Earnings per share dropped made a profit of £68,700.

dividend (1.3p in 1987) is planned. Mr Michael Scorey, chairman, said the interim figures were not necessarily indicative of the full year's results, but added that sales in the second half had already been hit by mild weather affecting battery sales and price cutting by com-

The company had responded The company had responded aggressively to defend its market and had reduced margins, but expected to benefit in the long term. BTS's precision engineering business, he said, was benefiting from buoyant inductrial demand and market. industrial demand and was improving profitability.

The company claims that it has changed direction since a

new management team took over in November 1988. Manu-facturing and distribution activities are being stream-lined which will allow the group to sell its central warehouse by the end of the current year. This will release about firm which will be re-invested in developing the husiness.

BTS has also decided to diversify and intends to become "the UK's first fully integrated office equipment and services group". The acqui-sition of Hilcon is the first step in implementing this strategy. In the year to February 28 1988, Hilcon posted pre-tax profits of £516,000 on turnover of £7.6m. Its net assets at that date were £1.15m.

# **Technical** error delays **Bett Bros AGM**

By Nikki Tait

BETT BROTHERS, Scottish property developer and househuilder, yesterday announced it had postponed its annual genaral meeting from February 24 to March 23 because of "a technical error." However, the company went on to say that the chairman would then report that "the

would then report that "the events in the first half of year support his optimism at the end of last year." It added that the board was "very confident that profits for the half year to end-February will be substantially ahead of those achieved in the corresponding period in 1987/8." In that period, Bett made £512,000 before tax.

The technical error, accord-

The technical error, accord The technical error, according to the company, involved the posting of Bett's accounts one day late. It said that the matter had been hrought to the company's attention by a shareholder, but that this investor had contacted them via solicitors and the company

did not know his identity.
The company added that the sale of zoned land at Staines to a joint venture company owned by London and Edinburgh Trust had produced a "significant surplus," accruing to its property development activities. It has also sold one of its Glasgow developments at a profit, and says overall profits elsewhere are running

at a "satisfactory" level.
Last year Yale and Valor and Land Securities were also obliged to postpone meetings for a similar reason - that is, late posting of documents.

#### Gold Fields' interim results due today

Consolidated Gold Fields, the diversified mining company currently fighting a £3.2bn hostile bid from Minorco, the Sonth African-controlled investment group, will amounce today its results for the six months to December. the six months to December

Gold Fields' shares slipped 2p to £14.58 yesterday, while Minorco shares ended 5p higher at 774p to give the hid-der's cash-and-paper offer a value of £14.12p.

# Seaforth stake in Owen & Robinson increased to 23%

By Clay Harris

SEAFORTH Investments, a cent. privately owned leisurewear and lighting company, has increased its holding in Owen & Rohinson, the jewellery retailer and wholesaler, to 23

per cent.
Mr Maurice Dwek and Mr
Tom Forsyth, Seaforth's two new representatives on the Owen & Rohinson hoard, meanwhile, were meeting yes-terday with the company's other directors.

The latest 50,000 shares, like the initial 21 per cent holding bought last week, changed hands at 300p. Seaforth is thought to be ready to buy suf-ficient shares at this price to take its holding to 29.9 per

Most of the shares have come from former directors and their families. Current directors have not sold any

Seaforth's self-imposed limit on the price it is willing to pay depressed Owen & Rohinson shares yesterday. They fin-ished 20p lower at 325p, giving the group a market value of

week as chairman of Owen & Rohinson, and Mr Forsyth are both former directors of Dwek Group, the leisurewear and furniture manufacturer Seaforth, a company half owned by Mr Dwek and half by

Owen & Robinson 600 😂 500 ::::

MIM Britannia fund manage-ment group, owns three lighting manufacturers and a leisurewear company. The Owen & Rohinson stake is its first investment in a listed com-

reported pre-tax profits of £358,000 in the 12 months to May 31 1988, has subsequently changed its year-end to January 31.

# Miss World may raise bid

By Philip Coggan

MISS WORLD, the local radio Miss World bid. However, and beauty contest group, yes-terday confirmed that it was prepared to make an increased 400p per voting share bid for Piccadilly Radio, provided the offer was recommended by the

latter's board.
On Monday and Tuesday, a Piccadilly egm was thrown into confusion by a further approach from Miss World, which owns the Red Rose chain of radio stations. The Piccadilly meeting had

been called to discuss a merger with Midlands Radio. Blocking the merger is a condition of the hecause of the Miss World approach a vote on the merger was not taken and the meeting was postponed until March 20. At the rescheduled meeting,

there will be a vote on a change to the company's articles, to allow one share-holder to own more than 15 per cent. Unless that vote, which requires a 75 per cent majority, is passed the Miss World hid

Yesterday, Mr Colin Walters, chief executive of Piccadilly Radio, issued a statement

attacking the lack of detail in the revised Miss World approach. "We note that Miss World refers to a cash alternative" he said "but we are con-cerned that the precise param-eters of the cash alternative have not been spelt out. I do not see how Miss World expects our directors to give proper consideration to the recommendation that it is requesting".

"Until such time as all aspects of the new offer are announced we will not be able to recommend it", he said.

#### **COMPANY NEWS IN BRIEF**

AVONMORE FOODS is buying the Westmeath Co-operative Agricultural and Dairy Society for a maximum consideration, including deferred payments,

of some 158.5m (57.05m).
HAMPSON INDUSTRIES has acquired the PB Group, a Kent-based manufacturer and supplier of aluminium prod-ucts for use in double glazing. The deal will be financed via the issue of £2m worth of cnmulative convertible redeemable preference shares, of which £300,000 worth will be placed. The balance will be retained by P Bingham, the

principal shareholder in PB. HOGG ROBINSON & Gardner Mountain: Gardner Mountain & Capel-Cure Agencies, the wholly-owned Lloyds members' agency of HRGM, has acquired KC Webb (Underwriting) for about £135,000 cash. Further consideration of about £100,000 is dependent on future results. LEIGH INTERESTS has acquired a waste disposal business at Cliffe, near Selby, from Mr Michael Simpson. It will be combined with J E Bartram to consolidate the company's (137.38p) per capital share. Pre-

spraying and property inter-RODIME is ceasing manufacture at its Boca Raton, Florida, plant and will only use it for rental product assembly and disk drive engineering. A fur-ther 100 employees will be served redundancy notices, fol-

lowing the 50 given notice ear-lier this month. ST DAVID'S Investment Trust: Interim dividend 4p (3.5p) for the six months to January 31. Net asset value 162,44p position in the area. Mr Simpson will retain his helicopter and earnings 4.69p (4.22p).

Granada Group PLC

£75,000,000 111/4 per cent. Bonds 2019

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FINANCIAL TIMES CONFERENCES

RETAILING IN THE 90s - THE ROLE OF TECHNOLOGY

The FT'e latest conference on retalling will review the changing market conditions and the growing importance of new powerful technologies and innovation for retailers.

The conference will be chaired by James Gulliver of Lowndes Queensway and Richard Weir of the Retail Consortium. Speakers include Sophie Mirman, Sock Shop

International; John Thompson, Index Group; John Barry,

The Boots Company, Felix Barber, The Boston Consulting Group; Jeremy Soper, W H Smith; Gareth Williams, Marks and Spencer and Robert Bramley, Allied Breweries.

This major FT forum on transport links with the Continent

will look at the challenges for transport planners and

businessmen of meeting future growth traffic demands and

the effect of the Channel Tunnel, the biggest transport

Speakers taking part include: The Rt Hon Paul Channon,

MP. Secretary of State for Transport, UK, Jean Bouley,

Union Internationale des Chemins de fer, Alastair Morton,

Eurotunnel, Sir Robert Reid, CBE, British Reliways Board and Sir Jeffrey Sterling, CBE, The Peninsular and Oriental

Two years ago the Financial Times arranged e highly

successful European Banking Forum In Milan. On May 15 and 16 the FT returns to Italy for e further meeting in this

series. Another excellent group of Italian speakers has accepted our invitation to participate and the contributors from the rest Europe and from the United States cover a

wider range of euhjects then was the case in 1987.

Banking in the Single European Market is one of the principal themes at this year's Forum.

The speakers include Deputy Prime Minister Professor

TRANSPORT LINKS WITH THE CONTINENT -

COLLABORATION TO MEET THE CHALLENGES OF

London, 20 & 21 March 1989

FUTURE GROWTH

project in Europe,

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Steam Navigation Company.

Venice, 15 & 16 May 1989

EUROPEAN BANKING FORUM IN VENICE

# UK COMPANY NEWS

# FII keeps step in depressed market Sutton Water turns

By Alice Rawsthern

FII GROUP, one of the largest footwear manufacturers in the UK, achieved static pre-tax profits of £3.23m in the first half of the year despite the depressed state of the shoe

In the last 18 months the UK industry bas been hit by a sharp surge of imports from low cost producers in South East Asia. This has imposed pressure on profitability and depressed output at many shoe

companies. FII experienced a fall in profits in its 1987/88 financial year. The level of demand improved towards the end of the first half of this year, however, and it managed to maintain interim

Mr Monty Sumray, chair-man, said the recovery bas continued in the opening weeks of the second half and the group's factories are all

ISOTRON, the company which

specialises in gamma irradia-tion services, announced a 19 per cent increase in pre-tax profits from £970,000 to £1.15m in the half-year to end-Decem-

ber 1988. The result wes echieved

from a 7 per cent increase in turnover to £2.36m (£2.21m).

Profit et the operating level rose to £1.06m (£957,000) and

interest receivable increased to

(£340,000), earnings per share worked through at 6.1p (5.1p)

After a tax charge of £402,000

£86,000 (£13,000).

working on "full-time or over-time" to keep pace with

Group turnover rose to £32.85m (£30.89m) in the six months to November 30. Earnings per share increased to 17.6p (17.4p) and the interim dividend is being raised to 3.5p

FII beld e cash surplus of £5m at the end of the interim period. Mr Sumray said it intends to continue with Its heavy capital expenditure proheavy capital expenditure pro-gramme. The group recently invested in "quick response" programmes for its footwear factories. It is now putting money in computer-aided design and water jet cutting

It has also invested heavily in research end development for its scientific division, which provided about 5 per cent of turnover in the first half. The

Isotron expands 19% to £1.2m

and directors have declared an improved interim dividend of

0.87p (0.72p).
Isotron harnesses the properties of gamma rays to sterilise products such as medical dispersional pharmaceutical

osables and pharmaceutical

One of the main advantages

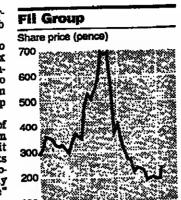
of the process is that it can be

carried out on products ready

for distribution in their final

Mr Colin Clive, chairman,

said all five plants were operat-ing well. The biological sector made good progress through-



divison is now expanding outside the UK and now intends to grow by acquisition.

FII is a phenomenon in the footwear industry. For years it

out the half year, with an even wider range of products being

Good results were also

echieved in the chemical sec-tor, which together with the

biological market represents one third of turnover, he said. The medical business had

grown only marginally over the period because of a slow first quarter, he said, but with

the market for medical dispos-ables now buoyant he antici-pated improved performance from this sector in the second half.

has invested heavily to equip its factories with the most modern machinery. The invest-ment has stood it in good stead in the last year or so. At a time when the industry has been scarred by job losses and com-pany closures, FII has man-aged to maintain interim profits. The state of the shoe trade is still precarious and it would be foolish to make forecasts in so erratic an environment. But FII should at least maintain and possibly increase – its profits in the full year. The City was far from enthusiastic about footwear when the industry was in a healthy state and the current crisis has simply confirmed its worst suspi-cions. FII's share price, which has crumbled during the crisis, was static at 235p yesterday. It will take a long time before the City is confident enough to allow it to recover.

#### Meggitt in £0.3m sale

Meggitt Holdings, a specialist engineering group, yesterday announced the sale of three non-core businesses for £312,000.

The disposals follow a decision to reorganise its divisional

Meggitt Machine Tools and Circuit Automation have been sold to their managements. Bestobell Insulation Services, thermal insulation contracting business, has been sold to Dar-chem, the Darlington-based engineering group.

The three businesses had a combined turnover of £4.6m.

# down offer for part of its voting stock

SUTTON DISTRICT Water Company yesterday rejected the tender offer for part of its voting stock from Mr Duncan Saville, the Sydney-based

The board of the statutory company met Mr Saville on Tuesday. Sutton said he had not convinced the company that it would benefit from an increase in his stake.

A week ago Mr Saville offered £15.10 in cash for each £1 nominal of Sutton's 7 per cent and 49 per cent voting stock, through his investment vehicle, Associated Insurance Pension Fund, in an attempt to

Pension Fund, in an attempt to lift his holding from 12.5 per cent to 29.9 per cent.

But over 40 per cent of Sutton's shareholders have already said they will not accept the offer, which compares with a market price of £16.50 for each £1 nominal of

voting stock. The price was 110.50 before Mr Saville paid £15 per stock unit in January to increase his holding.
Mr Saville believes he could

and the control of th

help bring together the boards of water companies to their mutual advantage. He also holds a 28 per cent stake in Suiton's neighbour, East Sur-rey. Both companies are in the Thames Water Authority's

AIPF has been reducing its stakes in four water companies in Southern Water Authority's region, and may well commit-its remaining stake to agreed unconditional offers from two French suppliers, Compagnie Générale des Eaux and SAUR Water Services.

Together with Sonthern, AIPF launched unsuccessful counter-bids for two of the stat-

# Robertshaw continues to build Hicking stake

private property development company run by Mr Stuart Robertshaw, continues to build its stake in Hicking Pentecost, the Nottingham-based knit-wear manufacturer and dyer.

It was announced yesterday that Robertshaw had bought another 91,500 shares lifting its total holding to 1,072,500, 16.8 per cent of Hicking Pentecost's

share capital.
On Monday, it was revealed that Robertshaw had acquired a 14.83 per cent stake and this

15.37 per cent.

Mr Stephen Hyde, Hicking
Pentecost's chairman, said yesterday: "The logic of the holding is still unclear to me." Mr.
Hyde and Mr Robertshaw are

ROBERTSHAW Holdings, the

was subsequently increased to

# HOSPITAL

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The acquisition of a controlling interest in Spain's largest Healthcare company, Sanitas SA, by BUPA International was one of the largest by a foreign company in Spain last year. An important factor in its success was the close co-operation between our London and Madrid offices.

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Samuel Montagu have, for sometime now, been initiating transactions and advising clients on Pan European divestitures and acquisitions.

These range from our colleagues in Paris advising Tours Pneu Group, a French retailer of tyres, exhausts and components in their acquisition by Kwikfit Holdings plc, to advising our own parent Midland Bank plc in its acquisition of a controlling interest in Euromobiliare, one of Italy's leading merchant banks.

If you're looking for advisors with the experience and the network to partner you in Europe, come and meet our European team or ring John Cutts on 01-260 9000.

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#### **TECHNOLOGY**

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retailers are still finding it cost effective to redesign their out lets. And they are increasingly using computer-aided design (Cad) systems to carry out these renovations more effec-

"As margins have come under gathering pressure across the board, so there has been e move towards trying to increase sales per square foot, says Roy Maconochie, stores analyst at London stockhrokers, James Capel.

"To do that they need attractive and efficient shop floors.

Computers can play an impor-tant role in helping improve sales densities by optimising the use of space, he says. Maconochie explains that

one of the main commercial advantages of Cad is that designs can be repeated in different locations more easily. This helps to create a nation-wide identity for chains, differentiating them from competi-tors. He believes this will become particularly important in the women's clothing sector which has been suffering from over-capacity and little differ-entiation between stores.

However, not all the advantages of Cad systems come at the bottom of the balance sheet. Designers have also discovered advantages in using Cad systems. Not least, according to Tony Watson, planning controller at the estates depart-ment of Tesco, the UK food retailer, these systems can help

to increase their productivity.

"The productivity of our department has increased 100 per cent since we invested in a Cad system, he says. "When we worked by hand we covered hetween 10 and 11 stores a year. Now, with the same staff-ing levels but with workstations, we can deal with as many

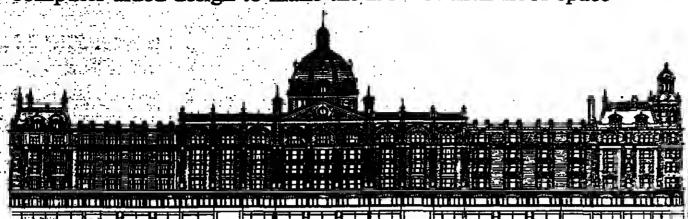
as 20 projects a year."
Watson explains that the first stage is to enter the floor; plan of the building on to the computer, either by using a. digitiser or by feeding co-ordinates into the machine.

Details, such as Interior walls, doors, stairs and lighting can then be inserted, copied or deleted as easily as editing on a word processor. These elements can be drawn in either two or three dimensions by the computer operator using an

times are hard. Fixed costs, such as rents and wages, are rising and stores are struggling to achieve sufficient sales to cover their overheads. But despite these difficulties,

The financial statements of UK retailing companies in recent. A shop window on the world weeks suggest that are hard Fixed costs. of on-screen layouts

Paul Abrahams explains how Harrods and other retailers are using computer-aided design to make the most of their floor space



These can be built up by the as the potential cost. McMullen designers, who file images digitally for use on similar projects. This is particularly which use many of the same which use many of the same themse of the same themse of the same that the potential cost. McMullen of our plans was accurate because the store changes so rapidly. Wiffin adds that he eventually hopes to use the computer than the computer intense of different edge. items on different sites.

Andrew McMullen, who is in charge of the Cad system at McColl, the London-based architects and interior designers which is part of the WPP group, explains that his com-pany has built up a number of databases for retail clients such as Dorothy Perkins, part of the Burton Group, and HMV: He says that HMV's design details, which include doors, checkout points and record racks, are expected to be used when the music retailer sets up stores outside the UK.

McColl has recently completed design work on the standard components for the refurbishment of the Halifax Building Society outlets. All of the items, such as consultancy desks, tables, furniture for the reception area and even the queueing system, were digitised so that they could be used on other sites around the

The Royal Institute of British Architects also offers a range of about 50 databa with more general information about furniture, sanitary fittings and plumbing. These include details about manufacturers and the price of goods. Another source of design ele-ments are electronic databases. The data can be used to huild up a shopping list of items needed for a building, as well

suming and often inaccurate.

The databases can also be "intelligent" in working out the engineering and technical tolerances of buildings, says Neil McLeod, technical marketing manager at Intergraph, the Alabama-based Cad workstation manufacturer. This means, for example, that the software can warn e designer that he has placed too many lights in his plans, risking overload of the electrical circuits.

A further advantage of Cad systems, according to Watson at Tesco, is that it allows architectural teams to work more efficiently. Any changes that are made to e hase plan, he says, immediately appear on other architects' diagrams.

The first large department store in London to invest in a Cad system is Harrods, of Knightsbridge. Malcolm Wiffin, house architect, says that one of the main reasons for the decision was to keep track of developments around the building. The scale of Harrods - it has five floors and a basement, each of which covers four acres, making a total of 1.2m sq ft - meant it was difficult to ensure that all the

plans stayed up to date. "We have about four or five major projects a year worth between £4m and £5m," says Wiffin. "And our refurbishment plans were being held up because we were continually

for presentations to management. The Intergraph system which Harrods has purchased is capable of photo-realistic images, including shadows, reflective surfaces and multiple light sources. It is also possible to have moving images which simulate what the customer sees as he or she walks

through the store. He adds that the Intergraph system is capable of showing a building in light generated at different times of the day and year, whatever the geographical location.

"Three-dimensional realistic images are extremely handy," says Ken Kerr, design manager at the Conran Design Group, part of Storehouse, the UK retailing group. They can show drawing illiterate clients who can't understand two dimensional diagrams - what the building will look like. At very least it reduces the shock."

Although, the range of features now available for stores and interior designers is one of the causes for their recent decision to make Cad purchases, Neil McLeod at Intergraph believes that there are other

"The retail sector has been looking at Cad for the last two years," he says. "But it is only in the last six months that the

of radio phones PHILIPS Components, the **Dutch** manufacturer of

semiconductor chips and other electronic components, has eucceeded in reducing the number of chips in collular radio telephones by about 60 per cent.

**Cutting the cost** 

The Eindhoven-based company claims that it is the first to market a chip set tailored to the needs of the next generation of pocket-sized, battery-powered cellular phones. There are only six chips in the Philips set whereas e dozen or more

are needed in many designs. The number of discrete electronic components (capacitors, resistors) are also reduced and Philips believes that the whole radio-phone design can now be implemented on a single printed board, compared with up to eight in conventional

designs.
Cutting the number of chips reduces the number of Interconnections and hence the cost of manufacturing and testing; reliability is improve as well. It should elso be possible to get new redio-phone products to market more quickly becau

price-performance ratio has improved sufficiently. Prices

have fallen and the increase in power means that the software

can be more sophisticated and

purchased a complete system of two workstations, digitiser,

plotter and application pack-

ages for £60,000. That would

have cost £150,000 two years ago which just wasn't viable.

The new system is also staggeringly simple, he adds. "You can manipulate images

with very little effort and with

design market for Cad has been slow to take off, accord-

ing to McLeod. He claims that

this is because the architec-

tural industry is much more fragmented than in the UK.

Until prices fell, the smaller

practices were unable to justify

buving such expensive equip-

ment. However, the main sup-

pliers of software, Intergraph,

Rucaps and Autocad, now expect repid expansion

throughout Europe.
Certainly those using Cad for interior design eppear enthusiastic. When McCullan

was asked whether there were any drawbacks, he had diffi-culty thinking of any. Then, after a moment's hesitation, he admitted, "the only real prob-

lem with Cad is that it messes

up radio reception on VHF

That means we have to listen to medium wave and BBC Radio One is the only station

we can get.'

The Continental interior

minimal special training.

Wiffin, at Harrods, says: "We

easier to use."

less design time is needed. The Philips designers have also made more use of "stand-by mode" circuits in which no current flows until signals are present. This should increase the bettery life of a hand portable from its present one hour, approximately, of continuous

50 man-years into the design of the new chip set. It is likely to be well received by the set makers, which are faced with reducing prices in an Increasingly competitive market. US prices for all radio phones have been dropping at more than 20 per cent a year. The 1983 cellular radio price of \$3,000 (for a car-mounted system) had dropped below \$500 at the and of 1988.

Philips thinks the greatest growth will now be in hand portables.

Sharp pictures of sharp characters GOOD, sharp pictures of

people involved at the scene of crimes in banks, building societies, airports and other vulnerable premises are not easily obtained. Often video cameras have failed to provide sufficient definition; and the subject

WORTH WATCHING

Edited by **Geoffrey Charlish** 

swiftly, inducing biur into the recorded television frames. But things will soon get more difficult for the criminals because Hadland Photonics, of Hemel Hemostead in the UK, has developed a still video camera system which greatly improvee the chances of a sharp picture, whatever

the circun Called SV-553, it uses a high-definition image-sensing chip, from which two pictures are taken every second and recorded on standard VHS

Frame exposure times can be very short using an electro-mechanical shutter,

reducing movement blur. Hadiand Photonics says that e sensitivity equivelent to 2000 ASA film speed is obtainable. This ellows small lens apertures to be used for better sharpness over more

of the picture area. The monochrome picture displayed on the high resolution monitor are close to photographic quality.
Polaroid Corporation of the
US has designed an instant printer for the system, allowing 5 by 4 in prints to be made quickly, for distribution to police officers

The images, which are digital, can be sent to other locations over suitable links. If required, the camera can also be used as e regular live action television camera.

for example.

New method of in-house printing

RANK Xerox (UK) claims to have developed the first viable alternative to offset black and white printing, its model 5090 xerographic printing and finishing combines the flexibility end economy of duplicating photocoplers with a

consistent printing quality machines."

. The new machine can produce 135 copies per minute. It has automatic collating and carries out stitching and binding. A 125-page document is thermally bound in 13

Initial field trials carried out by the company, comparing the total job time of the 5090 with that of offset printing, show that

productivity gains of 30 to 50 per cent can be achieved. documents with covers and tabbed section dividers, the manuais, directories, contrac documents and catalogues. It can handle line art, original photographs and half-tones. A re-circulating document hendler holds up to 250

originals. A computer with 20 megabytes (20m characters) of memory controls the new printer. Among the many functions it looks after is one to program the next job while the current one is still running. The computer can hold the programmed instructions for up to 36 jobs, ready for use at the press

#### Cladding to keep hulls clean

THE GROWTH, mainly of barnacies and weeds, on ships' hulls needs to be prevented since the frictional drag it causes raises fuel costs. Removing the growth annually is expensive, so the ehips ere often coated with

anti-fouling paint.
The commonest variety of this paint contains tri-butyl tin (TBT). But TBT stands accused of impairing other kinds of marine life, and the opposition to it hae led to regulations banning its use.

In response NKK, of Japan, has turned back to copper which has long been known to do a similar job. With Sakal Steel Works, NKK has conducted successful lests of a 0.5 mm thick cupro-nicke cladding for ships' plates.

The composition is 90 per cent copper and 10 per cent nickel. NKK is supplying samples of the cladding, on 14.5 mm steel plate, to the Japanese Ship Research

CONTACTS: Philips Components: The Netherlands, 40 791111. Rank Xerox: UK, 0695 51133. Hadland Photonics: UK, 0442 832526. NKK: Tokyo, 212 7111.

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Mike Morell, Meridian Accountancy Rac. Cons., 01-255 1555 25 Museum Screet

# of shareholders of our company, which will take place at the company's registered office, 2, bouleverd Royal, L. - 2953 Luxembourg, on March 3, 1989 at 11.00 a.m. for the purpose of considering and voting upon the following agenda:

Shareholders are hereby convened to the ANNUAL GENERAL MEETING.

Submission of the report of the Board of Directors;

**COMPANY NOTICES** 

" NM INCOME & GROWTH FUND

SICAV 2, boulevard Royal

L - 2953 LUXEMBOURG

R.C. Luxembourg B - 23410

Approval of the Statement of Net Assets as of December 31, 1988 and of the Statement of Operations for the year ended December 31, 1988;
 Allocation of net results;
 Discharge of the Directors and of the Statutory Auditor;
 Receipt of and action on nomination of the Directors and of the

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented.

In order to attend the meeting of March 3, 1989, the owners of bearer sheres will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationate & Luxembourg, 2, boulevard Royel, L - 2953

THE BOARD OF DIRECTORS



Mitsui Finance Australia Limited

A\$ 200,000,000

Floating Rate Notes due 1991 In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the second Interest Period from February 20, 1989 to May 22, 1989,

the Notes will carry an interest rate of 16.555 % per annum. The interest payable on the relevant Interest Payment Date, May 22, 1989 will be A\$ 4,127.41 per A\$ 100,000 denomination.



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THE REPUBLIC OF ITALY US\$ 3000,000,000 F.E.R.A.R.L N

For the period from February 23rd 1996 to May 23rd, 1996 the Notes will carry an interest rate of 912% per annum with an interest amount of US\$ 2.456,77 per US\$ 100.000 Notes.

Banque Paribes (Luxembourg) S.A. Apent Bank

MM INCOME & GROWTH FUND 2, boulevard Royal L-2953 LEXEMBOURG

NOTICE

is hereby given that an extraordinary general menting of chareholders will be held at the registered office at Luxembourg on March 3, 1989 at 11.30 a.m. in order to resolve about the following amendments to the Articles of Incorporation.

Amendment of the first sentence of article 3 by adding before the word "securities" the word "transferable".

Amendment of the second paragraph of article 3 by replacing the reference to the law of August 25, 1963 by a reference to the law of March 30, 1968.

Amendment of paragraph 2 of article 11 by deleting "by law and". Amendment of the first paragraph of article 12, of the third paragraph of article 13 and of article 25 by deleting therefrom the reference to the statutory auditor.

Amendment of article 16:

(f) by adding to sub-paragraph of of persorabl 2 of the following: "including such ligitive investment undertakings to which the Corporation is finised by common unagrament or costrol":

liij by adding thereto the following paragraphs:

The Board of Directors may decide that investments of the Corporation be made (i) in securities admitted to official listing on a stock exchange in any Member State of the Suropean Economic Community, (a) in securities admitted to official listing on a recognized stock exchange in any other country in Western Europe, Asia, Oceania, the American continents and Africa, [iii] in securities steal in on another regulated market in any such member State of the European Economic Community or other country referred in above, provided such market operable regulatry and is recognized and opea to the public, (iv) in recently issued securities provided the terms of the issue provide that application be made for admission to official listing in any of the securities instruments or other assets within the restrictions as shall be set torth by the Board of Directors in compliance with applicable lews and regulations.

The Board may decide within the limits imposed by law and applicable regulations to invest up to 100 per cont of the assets of the Corporation in debt securities issued or guaranteed by any Member State of the OECD\*.

Amendment of article 20 which shall seed as follows: "The Corporation shall appoint an euthorized auditor who shall carry out the dubbs prescribed by the lew of 20th Merch 1938 segarding undertakings for collective investments. The auditor shall be elected by thin general meeting of shareholders and shall be in duty until his successor is elected."

endment of the Brist paragraph of article 22 by adding at the begining of such graph the words "For the purpose of determining the issue and redamption price Share" and by replacing the words "once raymthly" by "twice a month". Amendment of the last paragraph of criticle 22 to adding after the word "publicized" the words "if appropriate".

Amendment of sub-paragraph (A) (3) and (4) of article 23 by replacing the word "over-the-counter" by "other regulated".

Amendment of paragraph b. e) of article 23 which shall read as follow "all other liabilities of the Corporation of whatsoever kind and nature except liabilities represented by shares in the Corporation in determing the inmont of such liabilities the Corporation shall take into account all expense payable by the Corporation which shall comprise formation expenses, lates payable to its Investment managem, accountants, custodinn, domicilitary, registrar and transfer agents employed by the Corporation which agents any paying agent and pormannit operacingtes in places of registration, any other agent employed by the Corporation, beas for legal and audiling services, promotional, printing, reporting and publishing expenses, including the cost of advertising or propaging and printing or prospectuses, explosalizy memorande or registration statements, bases or governmental charges, the cost incurred in connection with a quotation of the phases of the Corporation on any stock suchange or registration statements, bank charges and brokerage, postage, telephone and telex, the Corporation may calculate administrative and other repeated. In advance, any may accrue the same in equal proportions over any such period".

nament at article 27 by replacing the first paragraph by the following The appropriation of the annual net profit and any other distributions shall be determined by the annual general meeting upon proposal by the Board of Directors.

interim dividends may, subject to such further conditions as set torth by law, be paid out upon decision of the Board of Directors.

No distribution of dividends may be made if et a result thereof the capital of the Corporation became less than the minimum prescribed by law. ertion of a new article as articlo 26 to read as follows:

"The Corporation shall enter into a custodian agreement with a bank which shall salisfy the requirements of the law regarding cohective investment understakings the "Custodian"). As securities and cash of the Corporation are to held by or to the order of the Custodian who shall assume towards the Corporation and its shareholders the of the Custodian who shall assume lowered the Corporation and its shareholder interesponsibilities provided by law in the event of the Custodian desiring to retire the Board of Directors what use the best endeavours to find a corporation to act as custodian and upon doing so the directors mish appoint such corporation to be custodian in place of the retiring Custodian. The directors may terminate the appointment of the Custodian, but shall not retirione the Custodian shall have been appointed in accordance with this provision to act in the place thereof."

Consequent numbering of the present articles 28, 29 and 30.

Amendment of the last article by replecing the reference to the law of 25th August, 1983 by a reference to the law of 30th March, 1988.

The chareholders are advised that a quorum of oas half of the chares outstanding is required for the holding of the meeting and resolutions must be passed by an affirmative vote of two-hirds of the shares present or represented at such meeting.

In order in take pert at the meeting of March 3, 1980 the owners of bearer shares will have in deposit their shares FIVE clear days before the meeting with the following bank who is authorised to receive the shares on deposit:

BANQUE INTERNATIONALE A LUXEMBOURG

THE BOARD OF DIRECTORS

# **COMMODITIES AND AGRICULTURE**

# Non-Opec oil producers offer to do their bit

Steven Butler on fresh efforts to support prices

A GROUP of oil producing countries not affiliated with the Organisation of Petroleum Exporting Countries has now given the firmest indication yet that real cuts in exports are in the offing as part of an effort to support oil prices.

What is less clear is what this means for oil markets in the second quarter, when the cuts are promised. The longer

term looks even murkier. term looks even murkier.

The cuts being discussed hy Mexico, Oman, Angola, China, Malaysie, and Egypt, in the range of 200,000 to 300,000 barrels a day, would amount to roughly half a per cent of oil any like outside the communities outside the communities. supplies outside the communist world, which is less than the margin of error for most estimates of production. Observers to the talks in London this week included the US state of Alaska, the Canadian province of Alberta, Colombia, Norway, the Soviet Union and the Yemen Arab Republic.

The cuts would only total about half of the North Sea production that is currently sbut in hecause of accidents and equipment failure, most of which will be coming back on stream in the coming months. virtually cancelling out the

effect of the oon-Opec cuts.
Opec itself is producing at least this much above its self-imposed ceiling. Most observers believe the cartel may be a million barrels a day above the 18.5m b/d level agreed in late November. All of this means that the short term impact on oil supply, should exports actually be cut, is likely to minimal, raising the

question of why bother at all?
Unlike the big Opec producers, which can affect oil prices by the amount they produce, a cut in exports hy these rela-tively small producers means a direct cut in reveoue.

The answer is almost surely that the oil producers are playing a psychological game with the markets in the short run – the Madison Avenoe strategy" as one analyst puts it - and in the long run attempting to influence the real pow-ers in the oil markets, the Opec

By Joseph Mann in Caracas

Government this week began selling non-monetary gold to replenish international mone-

On Monday, the Central Bank of Venezuela despatched eight tonnes of non-monetary

ondon. Mr Pedro Tinoco, the

bank's president, said that on

the same day the Government

shipped some monetary gold

VENEZUELA'S

tary reserves.

Raheem Al-Chalabi, the Iraqi Oil supply outside oil minister, has been openly scornful of Norway's policy of keeping production 7 per cent below capacity. Since Norway's

capacity is rising rapidly, so

are production and exports.

Norway suffered scorn on both sides, since when oil prices

plunged in response to Opec indiscipline, Norway patiently

restrained production and

watched revenues plunge.
This time around, both sides

are approaching the problem

with more caution. The non-Opec countries have conceded that Opec has now done its bit

to strengthen oil prices, even though serious doubts remain over how much Opec has cut production since it November

meeting. The proposed non-Opec cuts are to be unilateral.

Dr Subroto, the Opec secre-tary general, yesterday gave a cautious welcome to the non-Opec pledges, even though a number of difficulties remain

to be resolved. The base levels from which to determine cuts are still unclear, and it is diffi-

cult to see why monitoring non-Opec compliance with pledges should be any easier than for Opec, where it has proved extremely difficult.

If both sides move slowly,

creating the appearance that co-operative efforts are con-

tinuing to develop, oil markets

are likely to respond positively.

The non-Opec countries know well that in the end deci-

sions taken by the hig Gulf producers, who have enormous spare capacity, will determine the value of their own oil pro-duction. If by showing modera-

tion now, and responding to

Opec calls for restraint and co-

operation, the non-Opec pro-ducers can encourage future restraint by Opec, the rewards

will be enormous.

On the other hand, it is difficult to believe that, given their
recent behaviour, Opec members in the end will not just
take a calculated view of their
own self-interest. If the states

are just a quarter million bar-

rels a day of production, it is not worth sacrificing much to obtain co-operation from other

"exhausted" by the time the new Government took over on

February 2, according to President Carlos Andres Perez.

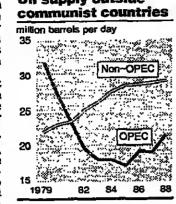
In 1987, the Venezuelan government began selling gold mined in the state of Bolivar to

raise cash, and this week's

general plan to increase

government revenue through gold sales and through loans

backed by future gold deliv-



risky strategy although the rewards could be great.

The accompanying illustration shows how non-Opec oil producers have benefited at the expense of Opec during this decade. In 1986, the Opec countries, led hy Saudi Arabia, their higgest producer, decided they had bad enough and fought to regain market share by driving down the oil price.

This delivered a blunt mes-sage to non-Opec producers which during the 1988 collapse of oil prices, seems to have finally sunk in. Last year Opec turned its back an offer from non-Opec countries for a recip-rocal five per cent cut in exports. Opec turned away mainly because its own house was in disarray, but privately was in disarray, but privately many Opec members were angered hy what they saw as a patently unfair proposal. Sandi Arabia had its production slashed by more than 50 per cent since its production peak early in the decade. Reciprocal per cent export cuts would take far more away from Opec than the non-Opec countries.

They were also upset by what many saw as ridiculously high base figures from which to calculate cuts by the non-Opec countries.

Many Opec producers feel they have been played with politically by the non-Opec pro-ducers. Mr Isaam Abdul

"strategic placement" of gold reserves in "the most important world financial cen-

He stressed that, while the

non-monetary gold was to be sold, the government would

not sell or pledge its monetary

The Government reported

that its monetary reserves fell

by almost 30 per cent last year.

to US\$6.6bn. in fact, Venezue-

la's liquid reserves were

COCOA E/tonne

Venezuela sells gold to raise reserves

# Australian steam coal price rise agreed

By Chris Sherwell in Sydney

AUSTRALIAN steaming coal producers have won a second successive price increase from Japanese power utilities under an agreement reached in Tokyo for the year beginning in April.

In sharp contrast to last year's drawn-out negotiations, the ageement was concluded

quickly and cleanly.

It specified a price of of US\$39.15 per tonne, \$3.50 above the \$35.65 agreed for the current year and well ahead of the low of \$29.40 struck in 1907.08 1987-88.

Even after allowing for the appreciation of the Australian dollar, the price rise will help to pot the coal companies on a firmer financial footing and assist Australia's chronic balance of payments problems. Coal is the country's second most valuable export after

Although the deal is for litinvolves just three producers in New South Wales and the Chngoku Electric Power Company, it represents the benchmark for most of the 20m-plus tonnes of steaming coal Australian conpanies will export to Japan during

The increase exactly matches the US\$3.50 a tonne rise won in December by Australian producers of hard coking coal, but it is less than the US\$5 a tonne increase achieved by soft coking coal producer

In US dollar terms it represents a 9.8 per cent increase, but at the Australian dollar exchange rates prevailing at the time each year's contract was agreed it amounts to just 4.5 per cent.
This is because the Austra-

lian currency has strengthened sharply against the US dollar in recent months. According to some analysts, the sharp weakening of the Australian dollar in the past week was probably an induce-ment for the producers to settle quickly.

At a more fundamental level

the increase also reflects continuing Japanese demand, based on the domestic economy's strong growth, and a shortage of reliable sumplies from other producers. The early settlement is a

welcome contrast to last year's awkward wrangle, which stretched over many months up to the October 1 deadline. The US\$35.65 price which was then finally agreed repreented a healthy 21.25 per cent increase over the previous year's low figure, but there was little desire to repeat the

THE EUROPEAN for the regime include the community's sheepmeat abolition of the variable pre-regime has become a bonanza mium on lambs enjoyed by for some and a racket for eth-

the regime.
Mr John MacGregor,
Britain's Minister of Agriculture, skated over the problems of the sheepmeat regime in his opening remarks to the conferreduced the notorious "mountains" of suplus farm produce

The sector was the only major one left in the common agricultural policy for which there had as yet been no

had produced proposals, these were proving difficult to nego-tiate because these involved had "so much to lose in bringing the regime back to The Commission's proposals

ers. Mr Peter Pooley, deputy director general for agriculture in the European Commission,

Mr Pooley, speaking at Agra-Europe's annual European Agricultural Outlook conference in London yesterday, said that unless it was speedily

reformed, the regime would

soon be costing Ecn 2bn

(21.28bn) a year, making sheep-meat four times more expen-

sive per tonne to support than

warned yesterday.

Although the Commission

By Bridget Bloom, Agriculture Correspondent

Warning on EC sheepmeat costs

ence, preferring to dwell on the success so far of the CAP reforms which had markedly and helped to bring the market support hudgets for most com-modities under "binding" con-

Mr MacGregor commended the Commission's attempts to return intervention buying ofsurpluses to the original concept of an end-of-season safety net. According to Mr Pooley, the Commission's moves on intervention had been successfully designed to produce a "radical and damaging change in the pattern of intervention and the pattern of

ment in the industry until

it repeated accusations that

tougher government guidelines are introduced.

Japanese heef importers, through their heavy mark-ups and complex distribution

systems, have reaped enor-mous profits from the sale of Australian beef in Japan. It

said they were now using these gains to invest in Australia and protect themselves in the post-liberalisation period.

The importance of the EC's reforms, which are based on so-called budget stabilisers, was that they formed a strong links between the policy of prices and the policy on intervention. This made possible an "unremitting prices policy" most of which could be applied on a more or less automatic basis by the Commission – rather than involving the Council of farm

However, Professor Stefan Tangermann, of Gottingen University in West Germany, took a rather more sceptical view of the reforms. Like budget disci-pline, many of the key elements of the stabilisers had been tried before and had

been tried before and had proved ineffective, he said.

The outlook was gloomy, especially for cereals, where stabilisers had falled to curb production. They could turn out to be a precursor of a cereals quota or a mandatory scheme to set-aside arable land, Professor Tangermann said.

A voluntary set-aside scheme was introduced by the EC late last year and yesterday Mr MacGregor gave the first detailed figures for its imple-

mentation. Even though Britain is one of the few countries to have implemented the scheme fully. only 1,820 farmers would par-ticipate this year, setting aside

143,000 acres. Mr MacGregor said that, con-trary to some reports, while one third of farmers had elected to set aside all their eligible land these were mostly small plots, often less than 25 acres. Only 5 per cent of applicants were setting aside areas

of more than 250 acres. of more than 250 acres.

Mr MacGregor also noted that tenant farmers were finding the scheme attractive, since one third of applications were from them. Also applying were cereal producers in counties like Norfolk, giving the list to expressions that only the lie to suggestions that only marginal cereal producers would be interested in the

# Japanese beef up Australian investments

FOREIGN INVESTMENT in Australia's beef industry, par-ticularly from Japan, is pro-voking a sharp domestic reac-tion, with calls for government action to toughen controls. The pace of Japanese invest-

ment has quickened noticeably in recent monthe following the announcement that Japan's market will be progressively opened over the period to 1991. But the trend has prompted fears that the benefits which might be expected to go Australia's way will instead pass into Japanese coffers as a result of vertical integration by powerful Japanese groups.
This week the Cattlemen's Council, representing beef producers in the key states of Queensland and New South Wales, renewed its call for a halt to further foreign invest-

The Cattle Council of Australia, which represents the whole beef industry, has yet to call for a moratorium, but it is clearly concerned about Japanese investment in the cattle and meat processing industry.

It agrees that Japanese investment should be in the form of joint ventures and joint

nese market through reforms of the marketing and distribu-

Detailed information about the scale of Japanese investment in Australia's beefindustry is difficult to come by. It appears not to have focused on cattle properties, but rather on feedlots, abattoirs and meat processors, with the aim of supplying Japan with more grainfed beef from Australia, which Japanese prefer. Austra-lia produces mostly pasture fed

Among the deals publicised over recent months are two involving full or majority own-ership of feedlots and abattorrs by a partnership of Mitsubishi Corporation and Hannan, and

participation with Australian a third by Nippon Ham.
Another Japanese company,
equivalent access to the Japalitoman, has taken a minority Another Japanese company, Itoman, has taken a minority stake in several meatworks. while Marubeni Corporation has bought a cattle-fattening

property.
According to the Cattle Council, Japanese interests now control or have a sizeable share in around 12 per cent of the country's export mea-tworks capacity, involving almost 25 per cent of Austra-lia's beef exports to Japan. For its part the Government has welcomed Japanese invest-ment in the industry, arguing that it is inevitable given the

forthcoming liberalisation and the high value of the yen. It also points out the advantages to Australia in having Japan source more of its beef from Down Under.

# Gatt sees strong demand and reduced supplies

By William Duliforce in Geneva

STRONGER PRICES in the world beef and veal market in the short and medium term would seem to be guaranteed, according to the secretariat of the General Agreement on Tariffs and Trade.

It bases this prediction on

expected strong demand from' major markets, reduced supplies from soma important exporting countries and the likelihood that competing meats, such as pork and poultry, will be more expensive. However, in its annual

report on international meat markets Gatt hedges its bets by pointing out that subsidies, import restrictions, voluntary

restraint arrangements and other national measures still hamper confident predictions. Last year world trade in beef and veal expanded by 5 or 6 per cent in volume, Gatt-esti-mates, with exports reaching A.4m :tonnes... Bovine meat prices remained relatively high but somewhat lower than in 198% Gatt puts global producfactors highlighted in the

report are the North American drought, which led to increased forage and feed costs, and the disposal of Europeen Community beef stocks, which decreased by 42 per cent over the year to 451,000 tonnes

at the beginning of 1989.

The EC increased its exports by nearly 4 per cent to an estimated 900,000 tonnes, displacing Australia as the leading exporter. Australian sales fell by 4.1 per cent to 874,000 tomes due to lower output and corrency appreciation.

\*Expanding suspect and lower demestic consumption combined to lift Brazil's beef exports; by 68.4 per cent to some 500,000 tonnes. Uru-

guayan shipments rose by nearly 40 per cent. The US, by far the world's biggest importer, bought 4.7 per cent more foreign beef in 1988 as the dollar strengthened

and domestic ontout fell. Looking at 1989 prospects, the Gatt secretariat notes that the rebuilding of cattle herds is still going on in an increasing number of countries, so it expects supplies of beef and veal to decline further,

Import demand will be stronger, the report predicts. Japan will buy more beef and demand from other East Asian coun-tries, North Africa and the Middle East is expected to be

The International Markets for Meat 1988-89, from the Gatt Secretariat, 154 rue de Lausanne, 1211 Geneva 21. Price

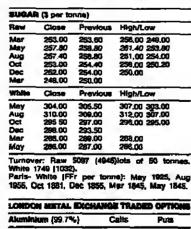
#### LONDON MARKETS COPPER prices rose sharply on the

LME yeslerday, boosled by news that 12.200 tonnes of Zamblan copper ia currently etacked in Der es Salaam, which confirmed earlier market rumours of a hold-up in supplies of African material. The oremium for cast metal widened sharply to £145.50 from Tuesdey'e £82 e tonne. Three-month metal failed to breach the \$2,950 a tonne resistance point, elthough som analysts are looking for a movement towerds \$3,000 a tonne. Coffee pricea also edvenced, with speculative buying and steady New York prices underplaning eentiment in spite of the lack of progress at the International Coffee Organisation talks on the tuture of the coffee agreement, where Brazil attacked consumer proposals for e universal export quota. Dealers sald the merket's fundamental picture was constructive.

SPOT MARKETS		
Crude off (per barrol FOB)		+ QF
Dubei	\$14.30-4 45q	-0.15
Grent Blend	\$16.65-6.70z	
W.T.I. (1 pm est)	\$17.87-7.72q	-0.13
OP products (NIVE prompt delivery per b	onne CIF)	+ or
Premium Gasolina	\$183-185	-1
Gas Oil	\$139-140	-2
Heavy Fuel Oil	\$75-77	-2
Naphtha	\$164-168	-Z
Petroloum Argus Estimates		
Other		+ or -
Gold (per troy azi-	\$366.25	+3.00
Silver (per troy oz)	596c	+2
Platinum [per troy o2]	\$540.60	-0.16
Paliadium (per troy oz)	\$144.25	+1.25
Aluminium (free market)	S2235	+60
Copper (US Producer)	135 a-142c	+2
Laad (US Producer)	38.5c	
Nickel (free market)	860c	+ 10
Tin (European free market)		+95
Tin (Kuala Lumpur market)		+0.12
Tin (New York)	370.0e	+ 1.5
Zinc (US Prime Western)	25,62	
Cattle [live weight]†	108.15p	+2.05
Sheep (dead weight)†	146.58p	+11.6
Pigs ((ivo weight)†	78.97p	-C.58.
London dally sugar (raw)	\$285.4u	-6.4
London dally sugar (white)		-5
Tate and Lyle export price	\$274	4
Barley (English leed)	£114z	
Maize (US No. 3 yellow)	£132.0	+ 0.5
Wheat IUS Dark Northern)	£122.0v	+0.5
Rubber (500l)♥	57.50p	+1.25
Hubber (Spoi) 🎔	67.00p	+0.25
Rubber (May) 🛡	67 50p	- 0.23
Rubber (KL RSS No 1 Mar)		-3.0
Coconut oil (Philippines)	\$530x	+5
Palm Oli (Malaysian)§	\$4022	
Copre [Philippines]9	\$350z	
Soyaboans (US)	\$188.5x	+ 1.0
O-d 0.0 0 -day		L 4 AA

Vooltops (54s Super) 650p conts/ib. r-ringgit/kg. z-Mar. v-Apr/May. u-Mar/Apr. q-Apr. x-Feb/Mer. 1Meat Commis sion average taistock prices. \* change from a week ago. \$London physical market \$CIF Retterdam. 🕭 Sullion market close, m-Malaysian

	Close	Previous	High/Low		CH
Mar	841	846	846 835	Alumbay	, <b>98</b>
May	864	865	867 854	Cash	22
tul .	865	867	868 857	3 months	21
Зор	865	865	865 859	2 months	21
Dec	883	662	864 876	Copper, G	
Mar	874	875	876 870	Cesh	16
Mary	874	873	वरर 871	3 months	10
		035) lots of	10 tonnes is per tonne). Delly	Silver (US	
price 1	or Feb 21		133.46):10 day aver-		50
COEFE	E E/tonne			Leed (£ pe	r bor
COTTE	Close	Previous	Mah A aus	Cash	35
	CIQSO	Previous	High/Low	Sittnom E	35
Mar	1160	1140	1164 1136	Mickel (S :	er tr
May	1131	1113	1131 1106		_
Лу	1101	1083	1102 1077	Cash -	190
Sep	1077	1068	1077 1060	3 months	18
Nov	1065	1061	1070 1051	Zinc, Spec	tel l
Jen	1061	1062	1083 1053		
Mar	1060	1060	1055 1042	Cest	20
Turnos	rer:4687 (2	274) lots of	S tonnes	3 months	194
			ents per pound) for		r ton
			1 (116.39); , 16 dey	Cesh	201
tern of	e 119.11 (	110.00).		3 months	18



2300

Copper (Grade A)

the overall picture, h

3200	37	73	95	305
WCOL. The sudden dro played havor w world labe last - less dramatical market has to a currency factor gradually at this addition, softme part in the UK. Is matching Au- Zealand wool b approciably hig unhappy, with r	with the week. Confi ily this week rome extent and prices is week's Au was in eterin While work strellen offe roard purch pard purch pard purch	el trade  Letter (   Letter (   Letter (    Letter (	persist wool in the been player and for New payer better to the best of the be	rising es. In ed a r wool
far this year an competitive. The	d prices va	ried a	nd Inte	insely

55 101 17 11 60 73

338 247 1 153 141 15

Puta

	Close	Provious	High/Low	AM Official	Kerb close	Open Interest
Alumbay	90.7% park	(5 per tome)			fling turns	wer 11,525 tonn
Cash 3 months	2225-36 2190-3	2205-15 2170-5	2238/2235 2210/2175	2238-42 2195-200	2190-8	25,310 lots
Copper, G	rade A (C per	tonne)			Pling turns	rver 33,400 tones
Cesh 3 months	1635-42 1693-4	1736-8 1643-4	1840/1807 1702/1886	1835-40 1891-2	1682-3	54,810 Axts
Silver (US	cents/line ou	nce)			Pin	g turnover 0 az
Cash 3 months	591-4 504-7	592-6 605-8		593-6 605-6		343 lots
Leed (£ pe	r torme)				Pling turn	over 3,700 torun
Cash 3 months	351-2 357-5	347.5-8.5 356-8	352,5/352 358/358	351.5-2 357-6	355-7	0,953 lots
Mickel (S p	er tonne)				Ring turn	over 1,194 tonn
Cash - 3 months	19000-100 18575-600	18950-900 18500-60	19100 18700/18600	19000-100 18700-50	18400-500	6,155 lots
Zinc, Spec	tal High Gred	e (5 per tonne)			Fling tutn	over 6,800 tonn
Cash 3 months	2050-5 1940-5	2065-75 1955-60	1960/1930	2075-85 1940-60	1950-60	5,550 lots
Zinc (3 per	tonna)				Ring turno	ver 13,875 tonne
Cesh 3 months	2015-20 1865-900	2015-25 1905-8	1920/1590	2040-50 1915-25	1905-10	12,037 lots

3 month	s 1940	-5 1	955-60	1950/1930	1940-50	1950	-80	5,550 lots
Zinc (3)	er tonne	1)				R.i	ng turn	over 13,875 to
Cesh	2015	-20 2	015-25		2040-50		_	
3 month	6 1895	<b>400</b> 1	905-5	1920/1590	1915-25	1905	10	12,037 lots
POTATO	ES Efton	une .			LONDON 8	STLICK M	ARKE	•
	Close	Previous	High/Low		Gold (fire or			£ equivelent
Apr	63.7	63.3	63.7 62		Close	359-35512		221-2212
May	77.A	78.5	77.A 75		Opening	385-12-386	j	220-4-2214
Feb	90.Q 101.0	90.0 102.0			Morning Ex Alternoon St	386		221.077 221.508
Apr	129.8	129.7	129.5 129	LO	Day's high	387-357-2		221.500
Turnove	412 (19	95) lots of 4	60 tormes.		Day's low	30512-300	1	
BOYAM	AN MEA	L Enonne			Coles	\$ price		projevjupe 2
	Close	Previous	High/Low		Maplelout	397-402	_	227-230
ADT	154.80	154.00	186.50 15		Britannia	397-402		227-230
Jun	148.20	148.00	148.50	4.30	US Eagle Angel	397-402		227-230 227-230
Aug	144.50	143.50	144.50		Krugerrand	395-385		225-222
	- 402 10				New Sov.	004-014		52-62-4
TOTTAGY	180 (3r	i) lots of 20	Writings,		Old Say. Noble Plas	90%-91% 546.05-65		53-62 4 512.85-318.05
PREMI	FULUR	ES \$10/Inde	x point					
	Cicae	Previous	High/Low		Silver Ex	p/fine oz		US cts equiv
Feb	1527	1515	1527		Spot	340.70		584.65
Mar	1810	1801	1625 1580	7	3 months	351.50		608.85
Apr	1670	1849	1675 1634		S menths	362.60		623.95
Jul	1480	1450	1475 1446		12 months	383.45		654.35
Oct Jan	1565	1570 1585	1580 1565 1500 1585					
Apr	1625	1555	1625	,	CRUDE OL	e/hannal		
BFI	1512	1506	IDEO					
Tumoye	725 (21	18)					evious	
							.25	16.15 16.02
GRANS	Extenne						24	15.51 t5.70
Wheet	Close	Previous	High/Low		Tumover: 50	902 (3898)		
Mar	172.35	111.55	112.35 11					
May	118.20	115.55	116.20 11		GAS OIL S/K	INTE		
Jun Sec	118.05	117,55 104,35	118.05 117		Clo	se Previ	0/5 6	#gh/Low
Nov	106.40	106.50	106.40	-20				
	100.10	100.00	-		Mar 139			40.25 139.00
			T		Apr 138 May 137			39.00 138.00
Barley	Close	Previous	High/Low		Jun 135			37.00 136.00 36.25 135.00
Mar	109.10	108.05	109.25 10	8.90	Jul 137			36.50 136.00
May	111.85	111.00	111.75 11		Aug 140			
Sep	100.85	100.85	100.85		Sep 140		_	39.00
Nov	104.00	104.00	104.00		Oct 142			42.00
Turnove	: Wheat	215 (547)	Barley 33	(472)	Nov 144	00 147.5	9 1	40.00
		100 tonnes			Turnovar 57	15829) lo	is of 1	00 tonnes

#### **WORLD COMMODITIES PRICES US MARKETS**

IN THE metals, gold prices rose

slightly on news of higher consumer prices, recorts Drexel Burnham Lambert. Copper futures posted strong pains again, climbing 400 points basis March. Expectations of heavy rains in Peru which would slow production; was noted. Silver prices were steady with switch activity seen throughout the day. In the softs, cocoa futures featured arbitrage and commission selling against scattered short covering. Sugar trading was choppy before prices finished higher on the tay. Short covering pushed col higher. The meats all had a mixed day with pork bellies slipping due mostly to the record amount in storage. An out of town storage report gave the market some support. In the grains, prices were higher in all markets with the soy commercial buying. Corn prices firmed but did not have the heavy buyers as in the soybeans. Wheat futures closed steady despite the late self-off by commercials. The energy complex gained on light volume with mostly

Close		Z.	
	Previous	High/Low	
386.9	365.9	388.0	356.0
368.5	367.7	0	.0
360.2	389,4	391.5	369.4
395.2 400.8	394.3	396.4	384.3
406.5	399.9 405.5	401.2	400.8
412.1	411.0	412.2	406.0 411.1
386.9	365.D	388.0	305.0
423.7	422.A	0	0
NUM 60 t	roy oz; \$/bo	y oz.	
Close	Previous	High/Low	
542.6	563.2	545.6	545.6
541.6	542.2	0	0
539.1	-540.2	544.5	534.B
537.1	538.2	542.0	533.5
537.1	535.2	541.5	534,0
530.1	539.2	540.0	556.D
539.1	540.2	0 .	0 .
OR S,000 to	by oz; centr	froy oz.	
Close	· Previous	High/Low	
593.5	582.8	596.0	696.0
594.0	. 583.5	600.0	593.0
599.3	596.7	. 0	0
604,7	634.1	611.0	803.5
616.1	615.4	621.0	615.0
526.9	626.2	632.0	627.0
642.6	642.0	649.0	642.0
- 647.5	646.6	0	0
658.4	. 657.A	562.0	660.0
699.3	0.833	0	0 -
(CPS			_
	se: Septem	har 16 1021	= 100
	ti · Feb 20		
1938.		1996.0	1779.
	8. 1837.2 (Sase: Dec.		

COPE	6m 25 000	lbe; contra	/Iba			ione			
-	Close	Previous			. Ch	icag	•		
Feb	142.03	137.00 134.50	142.10	138.50	SOYA	BEAMS 5	000 bu min;	cents/60th b	ushel
Apr	734.00	131.70	. 139.00	134.80		Close	Previous	High/Low	
May .	129.25	119.00	129.50	126.40	Mur	758/0	746/4	757/4	743/0
<b>Sep</b>	118.00	115.50	118.00	115.80	Jul	767/4 776/0	756/4 766/0	709/4	754/4
_	- 113,80		113.90	111.80	Aug	771/4	763/0	777/4	763/0 758/4
CRUD	e oil (Li	HO 42,000	US galls \$	/berrel	Sep	744/4	740/2	749/0	738/2
	Lutest	Previous	-High/Los	# ·	- Nov	732/2 739/0	727/2 734/0	735/4 741/0	726/0 734/0
Apr -	17.80	17.63	17.84	17.63	Mar	747/0	739/0	7.01/0	742/0
May Jun	17.24	17.14	17.38	17.08	BOYA	BEAN OR	60,000 lbs;	Conts/lis	
Jul	16.80		16.89	16.80		Close	Previous	High/Low	
Aug Sep	16.60	16.49	16.69	16.48 76.35	Mer	22.94	22.57	22.98	22.45
OC1.	16,41	16.10	16.41	16.19	Juj	23.52	23.15	23.56	23.03
Nov Dec	- 16.30 - 16.35	16.14	16.30	16.20	Aug	24.15 24.36	23.71	24,45	23.60
Jen	16.10	16.06	16.35	16.20 16.10	Sep	24.57	24.15	24.70	23.85:
MEAT	NG OIL 4	2.000 US a	alts, cents		- Oct Dec	24.75	24.80	24.75	24.20
	Letest	Previous			- Jen	24.95	24.60	24.95 24.95	24.30
Mar	8006	4802	5010	4895	SOYA	BEAN ME	AL 100 tons;		
Apr	4815	4717	4820 .	4725		Close	Previous	High/Low	
May Jun .	4005	4588 4505	4865 4575	4590 -	Mar	239.2	237.2	240.0	234.6
Jul	4525	4465	4825	4470	May	236.7	234.7	237.8	232.5
Зер	4610	4573	- 4810	4500	Aug	233.2 230.0	231.1 227.0	234.0	229.5
COCO		es:\$/logne	•		Sep	226.5	224.0	231.5 227.0	227.0 · 224.0
	Close	Previous	High/Lo		Dec.	221.0 219.7	220.0 218.0	223.0	210.0
Mer	1804	1513	1615	1590	Jan	220.0	217.7	221.0 220.6	21S.0 1 220.0
May	1804	1402	1474	1471	MAIZ	5,000 bu	min; centa/		
Sep	1430	1414	, 1435	1404		Close	Previous	High/Low	
Dec	1405	1399 . 1395	1400	1367 1365	Mar	273/2	269/6	273/4	
_		,500fbs; ce		1200	May	279/6	276/4	280/2	269/4 276/0
	. Close				- Jul Sup	263/2	280/4 271/6	284/0	279/6
Mer		Previous			Dec	270/2	259/4	274/4	270/6 267/6
May	127,91	128.00 124.25	128.00	125.80 128.70	Mac May	279/4	278/6	276/8	274/4
Jul	122.13.	721.50	123.30	121.80			279/2	279/4	278/0
Sep ·	120.00	120,25	121.20	119.75		3,000 81	min; cents/	00lb-bushel	• • •
Mer	120.38	120.13	118.50	118.50 118.00	-	Close	Previous	High/Low	
May Aul	119.25	119.00	0 .	0	Mar	428/2 428/2	425/0	423/0	426/0
		114.12	. 122.00	122.00	Jul	400/2	423/6 399/6	428/4 403/0	426/0
-					Sep	407/0 419/4	40B/0	400/B	400/0
SUGA		112	000 lbe; oe	nte/lbs	Mar	424/0	418/4	421/2	419/0
	Close	Previous	High/Los		LIVE	_	.000 lbs: cor	424/0	424/0
Mar	11.40	11.33	11,52	11,16		Close			
М <del>ау</del> Јш	11,51	11.56	11.73	11.36	Apr		Previous	High/Low	
Oct	11.83	11.39	11.48	11,35 · .71.18	Jun	77.70 75.27	77.75	77.90	77.52
Mar	10.73	10.79	. 0	0	Aug	72,86	75.25 72.90	75.45	75.12
May	10.83	10.97	11.09 11.05	10.88	Sep -	72.50	72.75	72.9 <u>6</u> 0	72.70 72.50
				11.00	Dec	T1.87 73.12	71.82 73.05	71.97	77.75
COTT	ON 60.01	; cente/lbs			Feb	72.95	73.05 73.00	73.15 72.95	72.85
<del>-</del>	Close	Previous			LIVE	OBS 30.0	00 lb; cents/	/280	72.90
Mar				*		Close			
May	\$9.25	58.57 59.22	59.00	58.00	Apr	42.87	Previous	High/Low	
Jul	59,45	59.30	59,80	58.97 59.05	Jun	47.95	42.82 47.70	43.35	42.70
Oet Dec	59,15 59.00	59.00	59,40	58.90	Juj	47.80	47.85	48.25 48.20	47.90
-		.56,85	59.40	58.95	Aug Oct	46.85	48.80	47.00	47.65 46.65
-	0E ====	40 000			Dec	43.62 45.22	43.22 45.20	43.80	43.38
			Centu/ibs		Feb	45.50	45.50	46,50 45.65	45.20
	Çlose	Previous	High/Low		PORK	SELLES!	60,000 ibs; ¢	70.00	45.50
Mar	141.10	140.35	149.85	141.10		Close		ers/b	
May ful	140.50	139,65 138,35		140.25	Mar	38.95	Previous	High/Low	
Seo	138.75	137.45	142.48	139.00	May	39.27	38.85	39.20	38.45
Mena	135.25	133,00	136.50 ·	138.10	Jul	39.25	.39.37 39.42	39.60	39.05
	134.25	132.50	: 135.00	134.00	Aug	38.05 49.95	38.1r	38.60 38.50	39,10 37,82
·		133 10					CO 0-		
Nov Jun Mar May	133.50 133.50	132.10	135.50	155.00.	Mar	48.55	50.35 48.46	60.50	49.50
Jen. Mar	139.50	132.10	. 0	133:00			48.55 50.00	60.50 0	

13 estment

~upplies

1.12.12 .....

Burno

# Worries over interest rate prospects

peared in the London equity market yesterday in the wake of a falling pound and signs of inflationary pressures in the US. A stock market fuelled since the turn of the year by hopes that domestic rates had peaked and might soon turn lower, went into reverse as institutional buyers backed away. The fall gathered pace as Wall Street made a weak start after Mr Alan Greenspan, the chairman of the Federal erve, described the 0.6 per cent rise in US consumer prices in January as disturb-

ing".
The fall in sterling was bad

_	Accoun	of Deellag	Detes
•	First Dealings Feb 13	Fab 27	. Mar 18.
•	Peti 23	Mar 9	Mer 30
L	set Deellege: Feb 24	Mes 10	Mar31
-	Mer 6	Mar 20	Apr 10
	How then deal LOS and hep-by	lege sany tako i mineng daya sa	piece from rijer

news for the London market which relies on a firm pound to enable the UK authorities to cut domestic interest rates, perhaps even ??on Budget Day, March 14. "The dip in sterling has finally killed misplaced hopes for a cut in base rates," commented Mr Bill Smith at Prudential-Bache. At Schroder

Securities, Mr Robin Aspinsil was even more damning. "A couple of weeks ago I said stering was on the brink of a mini-crisis. Yastarday it began"

Equities opened lower but staged a technical rally at mid-morning helped by the stock futures market, where the FT-SE Index contract remained around a 20 point premium. However, the market sagged away as Wall Street came in on the downside and UK buyers backed off. At the close, the FT-SE Index

was down 27.3 points at 2033.7. Analysts commented that the market is still only 3.4 per cent off its trading peak, and

**Equity Shares Traded** 

rapidly and settled at 15m, well

above recent levels.

Mr Jeremy Hudson of Shear-son Lehman has downgraded

Gas. He says the risk of an oil price collapse has receded and consequently reduced the defensive attractions of British

Shell eased a few pence to 373p on turnover of 2.7m with brokers still divided on the

chances of an increased final

dividend from the company. Ultramar moved against the rest of the sector, edging up 2

The banks sector was given a severe buffeting with Nat-West especially hit by persistent selling pressure and "switching" operations after announcing the acquisition of US hank Ultra Bancorportation

US bank Ultra Bancorporation

despite the preliminary figures issued on Tuesday. These were

regarded by dealers and analysts, and generally by the Press, as better than expected

but failed to elicit any worth-

NatWest settled a net 161/2

lower at 601p on a bigger than usual turnover of 5.4m.

Lloyds, scheduled to report on Friday, outperformed the rest of the banks, touching

376p at one point but subse

quently dipping to close little changed on the session at 372p; turnover was 2m. Dealers said

there was big support for the shares especially from one of

the leading agency brokers.

Midland, reporting today – estimates of pre-tax profits range from £655m to £745m,

while buying interest.

The fall in the shares came

to 294p ou turnover of 3m.

Gas stock.

for \$282m.

Turnover by volume (million)

term outlook. Some chart analysts speak of "strong support" around FT-SE 1960, but fear a fall to sround 1920. There is no doubt that any sign of higher interest rates would mean a significant recasting of City forecasts on all fronts.

Turnover remained moderate by recent standards, with Seaq volume of 551.6m shares comparing with 543.3m in the previous session. Stock Exchange statistics for this week indicate that retail interest has remained high, showing daily totals above the £1bn

mark. The equity market still awaits the introduction of the

second move phase in changed trading reporting systems. Today sees the testing of software intended to biank out price reporting on share deals worth more than £100,000;the changes will be put into effect on Monday, according to the Stock Exchange.

The market is likely to take its lead today from the trading report from ICI, a weak spot yesterday despite sterling's weakness. Consolidated Gold Fields were a shade easier, still awaiting the boardroom defence against Minorco's latest £3.2bn offer. RTZ advanced smartly against the trend when institutional buyers caught the market by surprise.

Geest stood its ground well and closed 4 better at 272p on

talk that the Ruwait Invest-

ment Office, which has been gradually reducing its stake in

recent mouths, had sold its

remaining 1 per cent holding. Frogmore Estates fell 7 to

504p amid talk that Australian

entrepreneur Mr John Spal-vin's UK operation Markheath

Securities (78p) was about to

sell its 16 per cent stake in Frogmore. Most property stocks fell with the market.

Local London were 5 firmer at 546p on the back of the £111m

hid from Priest Marians (5

easier at 434p, after 446p). Jacksons Bourne End leapt

21 to 168p when unquoted Vasella bought 67 per cent of

FINANCIAL TIMES STOCK INDICES 22 20 17 High 21 Low 89.08 91.43 86.10 127.4 88.31 89.04 94.14 105.4 50.53 (8/1/88) (28/11/47) (3/1/75) 1714.7 1349.0 1926.2 49.4 (8/2/88) (16/7/87) (26/6/40) 154.7 734.7 43.5 (17/2/89) (15/2/83) (26/10/71) 312.5 254.8 Ord. Ol. Yield Earning Yid %(tull) P/E Ratio(Net)(\(\frac{1}{2}\)) SEAQ Bargeins(5pm) Equity Turnover(5m)t Seatly Represent S.E. ACTIVITY Indices Feb.21 Feb.20 Gilt Edged Bargains 103.9 89.5

●Opening ●10 am. ●11 am. ●12 p.m. 1691.0 1696.0 1691.1 1691.2 DAY'S HIGH 1691.5 DAY'S LOW 1673.7 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ANII 11.06 (Excluding In Equity Bargains Equity Value

London Report and lates

# Food retailing caution

Shares in food retailer J Sainsbury wilted under strong selling pressure in early trad-ing after Warburg Securities reduced its 1989/90 profits fore-casts for the supermarket group by £5m to £400m. Although the size of the down-grading was not exceptional, it follows a similar move by Hoare Govett on Monday, and comes against the background. of a more cautious view of food retailing being adopted by Warburgs and a number of other securities houses.

Mr Keith Waite of Warburgs hlamed a number of factors for his firm's bearish stance on the sector, including recent high wage settlements such as the 9 per cent deal at Tesco, the worsening consumer back-ground, the impact, admittedly slight so far, of the food scare on sales, and the fact that there is a limit to which margins can be pushed ahead. Also, the rates of productivity improvements enjoyed by the grocers in recent years look set to slow down," said Mr Waite. After a busy day, Sainsbury closed 10 weaker at 224p as turnover reached the exceptionally high figure of 9.3m

#### Wellcome doubts

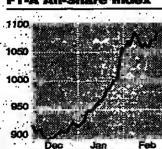
Doubts about the short-term. outlook for sales of Retrovir, Wallcome's anti-Alds drug, continued to depress the shares, which fell 21 to 451p after turnover of 2.1m. The la est addition to the ranks of the bears was BZW, whose well-re-spected team of pharmaceuticals analysts said that Retrovirsales for the year will be

That forecast came just a day after another broker had cut its forecast to £150m. But there are some researchers of the stock who have not changed their £200m plus pro-jections. BZW also pulled down its pre-tax profits forecast to £300m for 1989, although the team there still thinks Well-come is good in the longer come is good in the longer

# Resilient Reckitt

Reckitt and Colman shares. were among the best performers in a weak market, buoyed by a bullish note from Warburg Securities. The shares rose 9 to 1046p on turnover of just under 1m. The shares are frequently overlooked, said Mr David Grogan, a Warburg ana-lyst. "They have grown in line with the market and are now

FT-A All-Share Index



likely to outpace it." The full year results are due in April and investors should look for

£193m pre-tax profits.

Mr. Grogan predicted 14 per cent growth on top of that for the current year. The improvement will come from a mixture of organic growth, strong cash flow and margin gains. If acquisitions are slotted in, his figure will look distinctly con-

servative, he said.

Likely acquisition targets for Reckitt include toiletries in Europe, household goods in both the US and Europe, small food husinesses in the US and, if it can find them, small phar-maceutical marketing operations, suggested Mr Gro-

ICI fell 16 to 1165p ahead of full year results due today. BZW, which has recommended taking profits before the fig-ures, is forecasting in a narrow range between £1.48bn and £1.485bn with a dividend of 28p per share, "If it is 29p, it will be a nice surprise," said a dealer. Cookson lost 12 to 307p as it.

lifted its stake in Johnson Matthey (up 4 at 349p) to just over 8 per cent. Charter Con-solidated has 38% of Johnson Matthey and Cookson's move was seen as an attempt to maintain a strategic stake in a possible hid target. Johnson Matthey convertible cumulative preference shares are set shareholders: Charter Consolidated alipped a penny to 475p.
A number of bearish factors

- among them a downgrading by Shearson Lehman Hutton, the US securities house unsettled British Gas shares which dipped 2 to 171½p. Turn-over in Gas shares expanded

# dropped to 460p, before closing a net 12 down at 463p, Barclays eased 7 to 452p on 1.2m. **NEW HIGHS AND LOWS FOR 1988/89**

MEM HIGHE (194).

AMERICANS (S) Abbot Labs., Chase
Manhattan, Lowe's, Pacific Telesia, Sos
Co. Inc., BANKS (2) Alited Irist, Benk Iroland,
SIGUERES (4) Bass, Clark (M.), Highland
Diet., Woh. & Dudley, Bulb Devids (12) CRH,
Caracine, Galiflord, Glosco (M.), Hopker
Caracine, Galiflord, Glosco (M.), Lovel (M.),
Hopden-Stuart, Latharn (J.), Lovel (M.),
Magnet, Marchetth Hallinz, Redfand Cap.
74 pc Cv. 102. Severdisid-Reeve, Ward Grp.,
CHEMICALS (6) Fosco, Novo Inds., Rentokil,
Yorkshire Chem., STORICS (3) Aquascutum
7-4. Lot. Inc., Wysvels Garden Centres,
ELECTRICALS (13) ASSA AB "B", Buncopy,
ELECTRICALS (13) AASSA AB "B", Buncopy,
ELECTRICALS (13) ANSA AB "B", Buncopy,
ELECTRICALS (14) ANSA AB "B", B

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Magnet, the Yorkshire-based kitchens and bedroom furni-ture retailing group, moved substantially higher with deal-ers saying details of the pro-posed management buyout are mminent and could well trigger a bid battle possibly involv-ing Wooiworth or Ladbroke. Magnet shares put on 8 to 305p with dealers still talking of stake-building by other poten-

tial bidders. Stores leader Marks & Spener dropped 4 to 163%p on turnover of 6m shares after downgradings from Morgan

Stanley and BZW.

Mr Nick Bubh of Morgan
Stanley lowered his forecast for 1989 profits by £10m to £520m, while Mr Steven Old-field of BZW brought his down by £5m to £535m. Mr Bubh, who met the company on Tues-day, blamed "the general food problems and the fact that M&S are not immune to problems of clothing retailing," for his move, whereas Mr Oldfield listed worries about the group's ability to generate volume in the poor retail market and the damage to sentiment from its expansion in overseas

There was plenty of action in the electronics sector, espe-cially in Plessey which closed a fraction harder at 258p ou turn-over of 3.3m. A report that the company had reached agreement with Piessey's Sir John Clark on a 275p a share was described by Piessey as "laugh-able" and dealers and analysts were more intrigued by news that Guardian Royal Exchange had reduced its stake in Plessey by more than 8m shares (L09 per cent) to 40.87m (8.18

per cent). Analysts said the shares had been sold over a period of time certainly not in any major lumps or in a short period of time. But there were some raised eyebrows as to the tim-ing of the GRE sales of Plessey The does seem likely that GEC/ Siemens will up their bid in April given a Monopolies d." sain one analyst. BICC were again upset by the recent adverse publicity given to its Balfour Beatty sub-

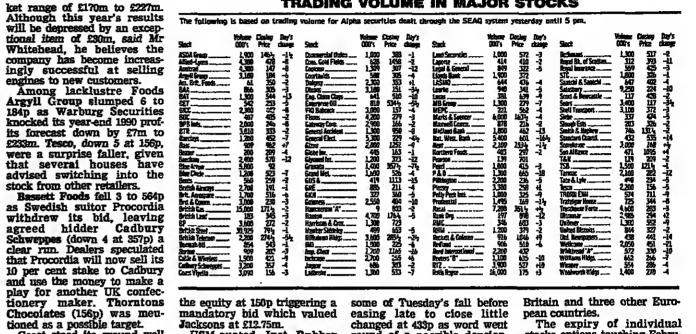
sidiary and lost 8 more to 443p.
Talk that America's IBM is about to reduce its selling prices for personal computers was said by traders to have been responsible for the latest slide in Amstrad's share price,

which dropped 8 more to 147p on turnover of 4.3m.

Trading in Rolls Royce was brisk in the wake of reported Japanese interest overnight and talk of a bullish circular from Robert Fleming Securi-ties. The shares held up in a weak sector, closing at 175p, up 3 on the day but 2 off the midsessiou peak. Turnover was

Mr Piers Whitehead, a Flem-ings analyst pitched his pre-tax forecast to the end of 1989 at \$241m, compared with a mar-

# TRADING VOLUME IN MAJOR STOCKS



the equity at 150p triggering a mandatory bid which valued

Jacksons at £12.75m. USM-quoted Just Rubber rose 9 to 97p after a series of small buy orders from regional

brokers. Bowater slid 11 to 459p during the day on news of its £45m disposal of a West German sub-sidiary. The buyer, P&O, lost 18 to 665p.

Appleyard rescued the motor sector from a bumdrum day, owing largely to support aroused by a circular from brokers Panmure Gordon, "The shares (up 12 at 439p yester-day) should be accumulated," say analysts Mr Peter Whiting and Mr David Banks, for since November they have underper-

some of Tuesday's fall before easing late to close little changed at 433p as word went round of a possible develop-ment in the trading Account starting next Monday. A bid for the group was ruled out and market speculation leaned towards Reed utilizing its sizeable cash resources by making

a large acquisition, probably in the publishing field. Although favoured by Klein-wort Benson, BAT Industries were unable to resist the general trend and the adverse effects of a stronger dollar. They fell 11 to 5460.

A national newspaper report of Toyota executives examining potential sites for a new factory in the UK directed huyformed the sector and the mar-ket by considerable margins. Reed International regained rights for Toyota cars in

Britain and three other European countries.

The expiry of individual stocks options touching February coloured dealings in traded optious . Cadhury, Plessey, RTZ and Racai all fell in this category. It was left to British Gas, the uearest expiry in which is March, however, to draw the major share of attention. Dealings in it came to 5,799 contracts, of which 2,351 were call and 3,448 put, as the underlying price lost a little ground. Overall dealings amounted to 48,598 contracts, of which 32,428 were call. Index trading totalled 7,168, of which 4.097 were calls.

 Other market statistics. including FT-Actuaries Traded Options, Page 27

# of making a million this year?

What are your chances

We all like to gamble now and then. Especially if our chances of winning are high. Even better when the prizes are high too.

Better still, when you can become a millionaire

With the Northwest German State Lottery, you can do just that. This season's lottery pays out a grand total of almost

#### ONE QUARTER BILLION GERMAN MARKS IN PRIZEMONEY, 241,435.000 DM, to be exact.

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# THREE MILLION GERMAN MARKS

That's the equivalent of almost a million pounds sterling and over a million and a quarter US dollars. The lottery and the prizes are 100% guaranteed by the German government, who by the way does not impose tax on lottery winnings. Pll pay you your prize money, in any currency, one lump sum and in the strictest confidence. The next lottery starts on March 31st, so why not order your

tickets today? 1989 could well be the year you become a millionaire."



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1/1 ticket(s) £ 246or US \$ 465	5or DM 744 each		
1/2 ticket(s) £ 126or US \$ 237	7or DM 384 each	☐ I enclose cheque wit	•
		☐ Access/MasterCard	/Eurocard
1/4 ticket(s) £ 72or US\$ 126	>or DM 204 each	☐ American Express	☐ Visa
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Country			
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# **APPOINTMENTS**

# TI Group subsidiary changes

■ TI GROUP has appointed Mr Joe Carr as planning and business development director of John Crane International. of John Crane International.

Mr John Henry, president, heat treatment, becomes president, thermal technology, responsible for all the businesses of Abar Ipsen and the retained businesses of the retained businesses of Thernal Scientific. Mr Norman Askew becomes business development director of the specialised engineering and specialised tube companies, retaining responsibility for Ti International and the Ti Tyseley site.

- Mr Robin Clarke has been appointed sales and marketing director of INTERNATIONAL FACTORS, a subsidiary of Lloyds Bank.
- Mr Paul Birch has been appointed to the main board of THE SCOTTISH METROPOLITAN PROPERTY, which he joined in 1982.

**THE INSTITUTE OF WELSH AFFAIRS has** appointed Mr Colin Hughes Davies, chairman of a Cardiff property and investment company, as its director general. The institute's secretariat is based in the Cardiff Business School-



THE RANK ORGANISATION has appointed Mr John Mur-phy, (above) managing director of Rank Amusements, as man-aging director of Haven Lei-sure. He is succeeded by Mr Jeffrey Cohen, currently operations director of Top Rank Clubs, Both appointments are from March 15.

- CHANNEL EXPRESS GROUP has appointed Mr Stephen Barker as a non-executive director. He is chairman and chief executive designate of Glamar Group.
- Mr John Robinson has been appointed executive chairman of the HAFFENDEN MOULDING COMPANY, incorporating Haffenden Rubber, and Rootes Plastics. The company is part of the Melton Medes group. He was managing director of Petersfield Plastics, another group company. Mr Robinson

has also been appointed to the board of Blugilt, holding company for the four Melton Medes industrial divisions.

CCL GROUP has appointed Mr William E. Drake as a non-executive director. He is director in charge of the securities department at Granville & Co., CCL's financial advisers.

**FERRANTI** 

INSTRUMENTATION has made the following appointments: Mr Neil Forbes to military operations director; Mr Brian Thrussell to military sales and marketing manager, a new post; Mr Bruce Calveley to Moston manufacturing division director, and Mr Rod Muttram to engineering and quality director.

■ Following its acquisition by China Merchants Holdings Group, FURNESS-HOULDER (INSURANCE) has formed a new subsidiary, Furness-Houlder Insurance Services (International), based in London, to generate non-marine business from the US and Australia. Forming the board are: Mr J. Chu, chairman; and Mr W. Collins, Mr J.W. McLaren, Mr E.J. Farrelly, Mr B. Copp (Australia & Far East), and Mr D. Bye (US) as directors. The group has formed a holding company, Furness-Houlder (Europe), based in Holland. The UK

directors are Mr Chu,

chairman and managing director, Mr Collins and Mr Mr Stratis Porfyratos, Mr Leonard Louloudis, and Mr P. Purdie as directors. ■ MI GROUP has appointed Mr Robert Warrick as a director of MI Independent Intermediaries.

Furness-Houlder (Greece) Inc has been formed, with Mr Chu

as chairman, and Mr Collins,

McLaren. In Pireaus,

■ MARSTON, THOMPSON & EVERSHED, Burton brewers, has appointed Mr David Gordon as assistant managing director from June. He is Whithread Inns director for Northern England.



MANDERS HOLDINGS has MANDERS HOLDINGS has appointed Mr Barrie Everitt (above) as managing director of Mander-Domolac, the industrial coatings division, and Mr Jack Singh succeeds him as financial director of Mander-Kidd (UK). Mr Singh was financial director of Manders Industrial Coatings.

# FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain you Unit Trust Code Booklet ring the FT Cityline help deak on 01-5

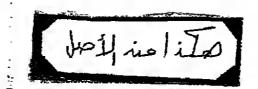
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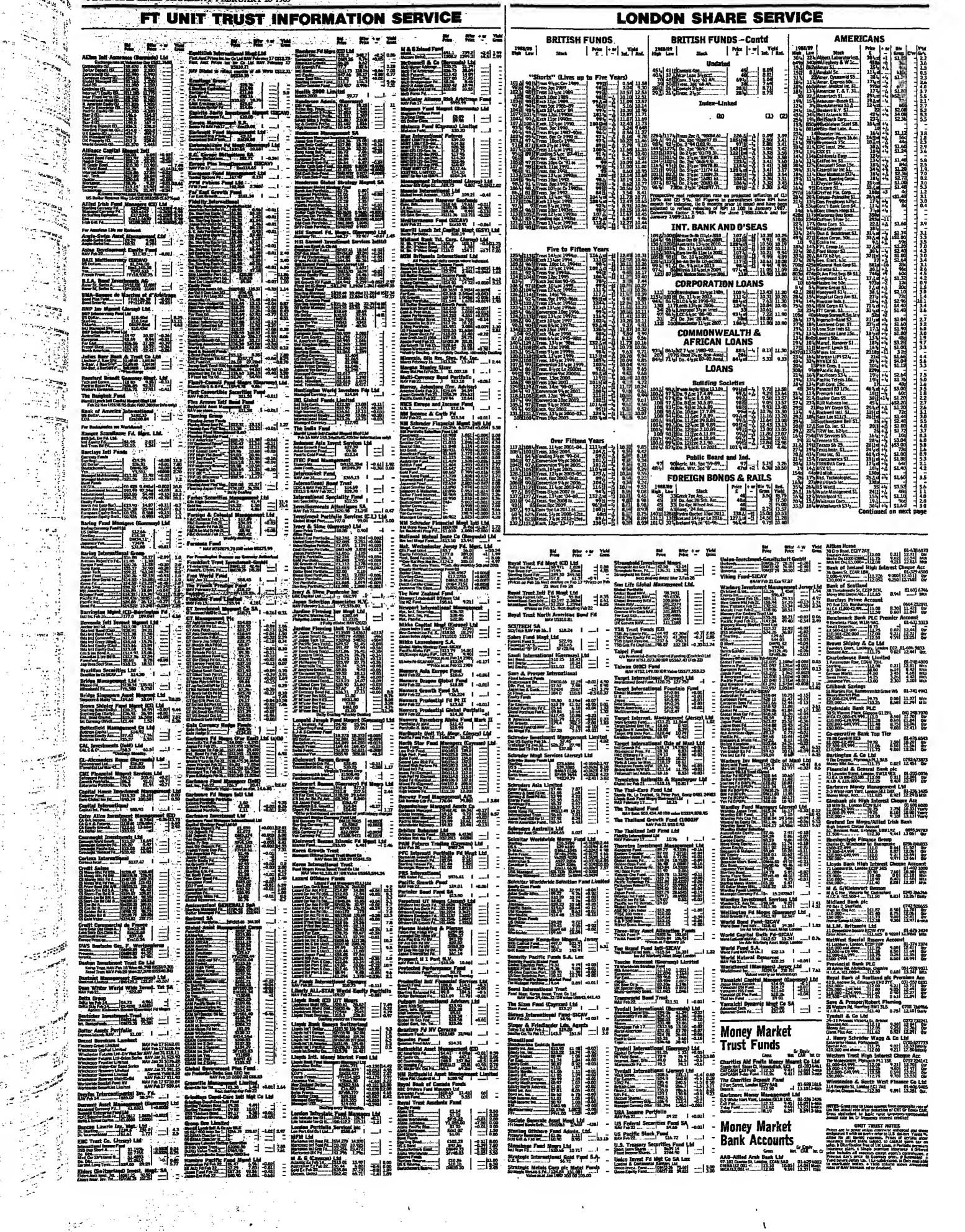
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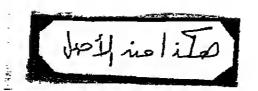
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# CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

# High yielders lose attraction

suffered a general weakening yesterday, as sentiment turned against the higher yielding cur-rencies and saw fundamentally strong units, such as the the

D-Mark, return to favour. According to dealers sentiment has moved against the pound for four main reasons. Firstly the currency broke through a major support point of DM3.2450 on Tuesday: secondly, the fall of the Australian dollar has made the mar-ket question the true value of high yielding curreocies: thirdly, recent data has pointed towards a slowdown in the UK economy and has made a rise in bank base rates less likely and fourthly the cost of going short of the pound has fallen as interest rate differen-

railen as interest rate differen-tials between London and Frankfurt have narrowed.

Sterling flirted with another support point of DM3.2050 yes-terday, but rallied to close at DM3.2150, compared with Tues-dsy's close of DM3.2250.

If the pound should fall below DM3.2050 the next major support level is DM3.1800, but according to dealers the Bank of England is likely to inter-vene well before this point. The market suspects the UK autoorities will step in to support sterling above DM3.2000, out it was suggested there

2 IN NEW YORK

STERLING INDEX

**CURRENCY RATES** 

0.730296 1.31677 1.56656 17.1733 51.1894 9.49720 2.44182 2.75600 8.31409 1789.50 167.230 N/A 152.064 8.32857 2.07720 204.152

CURRENCY MOVEMENTS

OTHER CURRENCIES

90.5

Bank rate %

Feb.22

Previous Clase

should he some delicacy in handling the situation.

The market is looking for a weakening of sterling and is weakening of stering and is only likely to regard attempts hy the Bank of England to push the pound higher as a better opportunity to sell. Sterling showed mixed

changes against major currencies, but on Bank of England figures the pound's exchange rate index lost 0.4 to 96.5. The pound fell to FFr 10.9550 from FFr10.9850, hut was unchanged at Y221.75 and SFr2.7450. In terms of the dollar the pound rose 10 points to \$1.7515. Firmer New York interest

rates, and not any fundamental improvement in the US economy, have provided support for the dollar recently. The US currency has, therefore, not heen helped by the nervousness surrounding high yielding currencies.

tion to yesterday's announce-ment that the US Consumer Prices Index rose 0.6 per cent in January. This was twice the level in December, and was slightly above the level of most forecasts. It added further weight to the argument that the Federal Reserve will

tighten its monetary policy.

Speaking to a US Congressional committee, Mr Alan Greenspan, Federal Reserve Board chairman, said the rise in Jan-uary's CPI was disturbing, and that the Fed is more inclined to tighten its monetary stance

The threat of higher US rates did not underpin the dollar however, which fell to DM1.8355 from DM1.8420; to Y126.55 from Y126.75; to SFr1.5665 from SFr1.5685; and to FFr6.2550 from FFr6.2750. According to the Bank of England the dollar's index was

This was up	istrated i	y reac-	nucuange	1 at 66.8.	
ems e	<b>UROPE</b>	AN CURI	RENCY	UNIT RAT	20.5
	Ecu central rates	Currency amounts against Eco Feb.22	% change from central rate	% change adjusted for divergence	Divergence Healt %
lgian Franc	42.4582 7.85212 2.05853 6.90403 2.31943 0.766411 1483.58	43 6050 8,09443 2,07946 7,09103 2,34737 0,780086 1527 13	+2.70 +3.09 +1.02 +2.71 +1.20 +1.52 +2.94	486 +188 4087 4087 4087 4087 4188	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6664 ±4.0752
inges are for Eco, the	efore positive d	hange denotes a ve	sak comeacy		

POU	nd spot-	- FORWAR	D AGAI	IST :	ike pou	ΝĐ
Feb.22	Day's spread	Close	One month	9.2	Three months	% p.a.
U\$	1.7420 - 1 7520	1.7510 · 1.7521	0.51-0.48cpm	3.39	1.35-1.30pm	3
Canada	2.0805 - 2.0975	20935 - 20945	0.39-0 26cpm	1.86	0.72-0_53pm	Ţ
Netherlands .	3614 - 3634 67 20 - 67.55	3624 3534	2-1 4cpm 32-24cpm	6.40 4.98	51 <sub>3</sub> -51 <sub>4</sub> pm 85-72em	5
Beigtom Denmark	1247-12515	12.50 12.51	5'3-5'40repm	5.22	143-14cm	4
reland	1 2020 - 1 2090	1.2045 - 1.2055	0.57-0.52mm	5 43	1.45-1.35cm	4
W. Germany	3205-3214	3.214 - 3.214	12-14 ptpgr	6.77	43-4's pm	5
Portugal	263 00 - 265 60	264.60 - 265 60	55-15cm	1.58	110-15om	0.
Spain	200.50 - 201.60	201.30 - 201.60	15-parpor	152	1-pm-10dis	0
italy	23524 23634	23615 - 23625	5-1 lirepos		8-30m 54-44 pm	ĭ
Norway France	11.674 - 11.71	10.95 10.96	34-3400	3.70	912-91100	•
Sweden	11.00 11.024	11014 11.024	14 ligoreom	177	512-51200	î
Japan	2204 - 2224	2214 2274	15a-15-ypen	0.43	412-41-000	7.
ustria	22.52 - 22.62	22.59 22.62	13-12groom	6.64	344-325 sed	5
Switzerland	2.734 - 2.75	274-275	14-13-com	7.38	44-4500	6

	MIN	FORWAR	10 200			
Feb.22	Day's spread	Close	Que month	22.	Three mosths	P.E
JKt	17420 - 1.7520	1.7510 - 1.7520	0.51-0.48cpm	3.39	1.35-1.30om	3.00
reland?	1.4465 - 1.4625	1.4500 - 1.4510	0.28-0,33dh	-2.52	0.70-0.8005	-2.07
anada	1.1835 - 1.1985	1.1950 - 1.1960	0.13-0.18cds	-1.56	0.52-0.59ds	-1.8
Vetherlands.	2.0685 - 2.0805	2.0720 - 2.0730	0.52-0.49000	2.92	1.45-1.42om	2.7
ielgiani	38.40 - 38.65	38.50 - 38.60	6.00-4.00cpm	1.56	18.00-13.00mm	1.61
)enmark . ,	7.134 - 7.17	7.134 - 7.144	1.20-0.95ore:m	1.79	3.05-2.65sm	1.5
M. Germany	1.8315 - 1.8440	1.8350 - 1.8360	0.52-0.49sha	3.30	1.46-1.42pm 55-105ds	31
ortugal	151 3 - 151 4	1514 - 1514	12-32nds	-L74	81-8845	29
pain	114.86 - 115.65	115 05 - 115.15	25-30cdis 1.80-2.50Hredk	-2.87 -1.91	6.50-8.00ms	21
taly	1346 - 13514 6.68 - 6.71	13484 13484	0.80-1.05areds	133	2.10-2-46-6	1.2
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13000	6.29 - 6.325	6.29 6.295	0.75-0.90oredis	.157	1.60-1.90ms	111
weden	126.20 - 126.90	126.50 126.60	0.52-0.50vom	4.83	1.63-1.60cm	5.10
lapan	12.894 12.96		3.60-3.20grapm	3.16	10.50-9.30pm	3.0
witzerland.	1.5630 - 1.5715	1.5660 1.5670	0.53-0.50cpet	3.94	1.51-1.47pm	3.8

E	JRO-Ci	JRREN	CY INTI	EREST	RATES	
Feb.22	Short. term	7 Days ngLice	One Month	Three Manths	Sor Months	Out '
Sterling US Obliar Can, Bollar O, Golider Sw. Franc Dentschwark FF. Franc B. Fr. IFlod B. Fr. IFlod O, Krote Addan SSteg	124-124-12-12-12-12-13-13-13-13-13-13-13-13-13-13-13-13-13-	125-121 94-94 114-104 64-64 54-64 965 114-104 84-74 44-74 77-74	12#-12H 9#-9-1 11.5-11.5 64-64 5#-5#- 64-94 113-114 73-77- 84-44 8-7-9-	13 11 12 12 12 12 12 12 12 12 12 12 12 12	134-13 164-10 12-114 7-654 68-68 97-7-124 84-88-84 84-88-88-88-88-88-88-88-88-88-88-88-88-8	13-127 10-3-10 12-3-11 7-3-53 7-53 7-53 7-53 7-53 9-3-9-3 8-3-8-3 8-3-8-4 8-3-8-3 8-3-8-4 8-3-8-3 8-3-8-4 8-3-8-3 8-3-8-4 8-3-8-4 8-3-8-4

ASIAN JOSEP	94.94	9,6-9,6	92-94	AR-AN	10-44	10 A-104
Long term Enrole cent; five years 10 A-d days' notice.	Hars: two year Pig per cent no	rs 104-104 po minal. Short to	er cont; three ye eron ratios are cal	ars 10 3-10 A p li for US Dollar	er cent; four your and Japanese	vert others, taxo

EXCHANGE CROSS RATES										
Feb. 22	£	5	OM	Yen	F Fr.	S Fr.	N FL	Ura	C 5	O Fr.
£	1 0.571	1.752 1	3.215 1.835	221.8 126.6	10.% 6.256	2.745 1.367	3.630 2.072	2362 1348	2.094 1.195	67.50 38.53
DNI YEN	0.311 4.509	0.545 7.899	1 14.50	68.99 1000.	3,409 49,41	0.854 12.38	1.129	734.7 10649	0.651 9.441	21.00 304.3
F Fr. S Fr.	0.912 0.364	1.599 0.638	2933 1171	202.4 80.80	10 3,993	2.505 1	3312 1322	2155 860.5	1.911 0.763	81.59 24.59
H FI. Lira	0 275 0.423	0.483 0.742	0.886	61.10 93.90	3.019 4.640	0.756 1.162	1.537	650.7 1000.	0.577	18.60 28.58
6 5 8 Fr.	0.478 1.481	0.837 2.5%	1.535 4.763	105.9 328.6	5.234 16.24	1.311	1.734 5.378	1128 3499	3.102	32.23 100.

#### **FINANCIAL FUTURES**

# Prices fall on weaker sterling

US interest rates have prompted many investors to revise the view that UK base rates have peaked at 13 per

confract finished at 86.83, dis-counting a base rate of 13% per cent. The temptation is to sell this contract on the hope that a rise in interest rates will

enable traders to cover their

tracts at a lower price.

LEFFE SHORT STEILEN

West German Government bond futures fell sharply in record volume, following a rise

in the sale and repurchase ten-

der rate in Frankfurt yester-day. The number of lots traded came to a provisional 25.973, beating the previous record of 21.540 established on February

A POOR performance by sterling encouraged investors to take a renewed interest in March short sterling futures in the Liffe market yesterday. While a bulk of the volume stayed with the June contract, traders saw an opportunity to take short positions in the March contract.

The pound's softer tone and a recent rise in European and

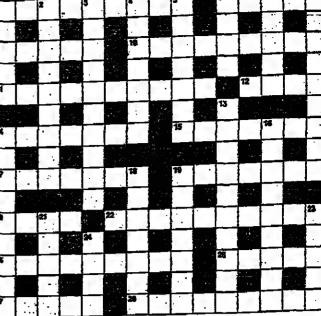
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nates locs d	echane tot	al, Calls 1	549 Puts 2 3120 Puts	2483 8121	Estimated Previous de	volume tot	al, Calls 2	28 Pats 57 Pats

10.65

B-2 B-2 B-2 0.5467 Estimated Valoree 329 (208) Previous day's open let. 776 (750) Est. Vol. Onc. figs. pot shown) 34549 (26089) Previous day's open int. 55216 (56321)

# **CROSSWORD**

No.6,868 Set by GRIFFIN



hides woolly (9)
"Simple as ABC" is foolish (5)
9 He leaves here after rejecting the of shellfish (5)
10 Lionel arranged 50% rebate to head of revolution (9)
11 Seize for fiddling cost in cefe (10)

cafe (10) 12 At this point you "hear, hear!" (4)

14 A penny on credit could be forecast (7)

forecast (7)
15 Joy, half nude, is in front of the window (7)
17 Ring circus lacking American permit (7)
19 Make one's way round church, bearing a poker (7)
20 Frank, ring The Swan (4)
22 Knocked down by a crazy gnu, do bleed (10)
25 Fair trial arranged after I injured Pam (9)
26 Keep about a quarter to throw (5)
27 True ally mad about love (5)

27 True ally mad about love (5) 28 Dress tree damaged hy rats

DOWN. 1 One not uppet by cold medi-2 Ran to cure sick story-teller Cook being III, that is put outside as unsuitable (10) Riended to a rich kind of

5 Argued about club act (7)
6 Fifty in bottom half take
flight (4)
7 Parking in place which
causes ill-will (5)
6 In Diplomatic Corps one
gets drunk if overcharged
(9)

13 A trainee got three damaged, all told (10)
14 A Tripoli revolutionary is holding many relating to pictures (9) 16 Plum-coloured egg – a disaster! (9)

18 Bound to accept everything that's agreed (7)

19 Top pilot goes off with propellers! (7)

21 Discharge rude temp on the last day (5) 23 Deck on new red vessel (5) 24 Spoken of love, pointlessly

real (4) Solution to Puzzle No.6,867

**JOTTER PAD** 

# **COMPANY NOTICES**

NOTICE TO HOLDERS OF WARRANTS

FUTABA CORPORATION -U.S.\$ 100,000,000

41/2 PER CENT NOTES DUE 1993

Pursuant to Clauses 3 and 4 of the Instrument dated 28th April, 1988, the following notice shall be given.

At the meeting of the Board of Directors of FUIABA CORPORATION (the "Company") held on 14th February, 1989, a resolution was adopted for the issue of new shares by way of free distribution; the particulars of which are given below. Consequently, the Subscription Price of the captioned Warrants (the "Warrants") shall be adjusted, as specifically provided in paragraph 3 below.

The free distribution of new shares will be made to shareholders of record as of 31st March, 1989, Tokyo time, at a ratio of 0.10 shares for each one share held.

The free distribution will be made on 19th May, 1989, but the dividends for these new shares will accrue as from 1st April, 1989, Tokyo time.

Pursuant to Condition 7 of the Instrument, the Subscription Price will be adjusted from Yen 5,633.00 to Yen 5,125.50 per share of the common stock of the Company effective as from 1st April, 1989,

Dated: 23rd February, 1989

THE MITSUBESHI BANK, LIMITED as Principal Paying Agent on behalf of FUTABA CORPORATION

#### THE "SHELL" TRANSPORT AND TRADING COMPANY,

TRADING COMPANY, p.l.c.

Notice is hereby given that a balance of the Register will be struck on Monday, 6th March, 1989 for the preparation of the half-yearly dividend payable on the FIRST PREFERENCE SHARES for the six months ending 31st March, 1989. The dividend will be paid on 3rd April, 1989.

For transferes to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Pic, Registrar, Lloyds Bank Pic, Registrar's Department, Goring-by-Sea, Worthing, West Susecu, BN12 6DA, not kiter than 3.00 p.m. on Monday, 6th March, 1989.

Shell Centre London, SE1 7NA 23rd February, 1989 O K BAZAARS (1929) LIMITED (Incorporated in the Republic of South Atrica). NOTICE TO PREFERENCE

The residential property pages of the

WEEKEND FT

of April 15th will focus on RETIREMENT HOMES

For further details, please contact Genevieve Marenghi on 01-248 3296

# **MONEY MARKETS**

# Further rise in rates

UK INTEREST rates rose yesterday in reaction to ster-ling's poor performance. The key three-month interhank rate was higher at 13½-13 per cent from 13½-12½ per cent while one year money edged up to 12½-12½ per cent from 12½-12½ per cent.

Concern about rising inflation has also been a factor in driving rates firmer. The yield curve on money out to one year has taken on a much flat-ter curve, suggesting that the market sees even less chance of a cut in base rates for some

UX clearing bank base leading rate 13 per cept trans Navember 25

time yet. Overnight interbank money touched a high of 12% per cent before slipping away to 11% per cent.

The Bank of England fore-cast a flat credit position. Fac-tors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £513m. The unwind-ing of previous sale and repur-chase agreements drained a further £1,699m, and there was a rise in the note circulation of £105m. In addition, banks brought forward balances £55m below target. These were offset

hy Exchequer transactions which added \$2,395m. The latter were swollen by redemption of the 11½ per cent Treasury stock which released

The forecast was revised to a surplus of around £100m, but the Bank gave no assistance in the morning. A further revi-sion took the forecast to a sur-plus of around £250m, and the Bank took out the excess liquidity hy selling £257m of Treasury bills at 12%-12% per cent, maturing today.

Short-term interest rates were higher in Frankfurt after the Bundesbank allocated funds at 6-6.25 per cent at its latest sale and repurchase tender. A total of DM6.2bn was allocated, compared with a maturing facility of DM8.4bn.

The higher rates were not viewed as a sign of monetary tightening by the authorities. Large commercial hanks are reasonably well placed for liquidity, but smaller hanks were prepared to hid up for funds (that is, to sell paper to the authorities at a lower price which pushes up the rate of discount) based on the idea that West German interest rates are likely to be increased

sooner rather than later. The firmer tone reflects a background of rising inflation, which many investors see as a signal for higher rates in West

bid 911 offer 921 bid 9% offer 1
rates are the arthometric messes rounded to the pourest one-statements, of the bild and offered rate

FT LONDON INTERBANK FIXING

Estimated Volume 3229 (4127) . Previous day's open Inc. 20706-(20166)

Est. Vol. (Inc. figs. ant shows) 6752 09469 Previous day's open lat. 54257 0548389

Prev. 90.06 89.89

89.98 89.76

93.40 92.62 92.50

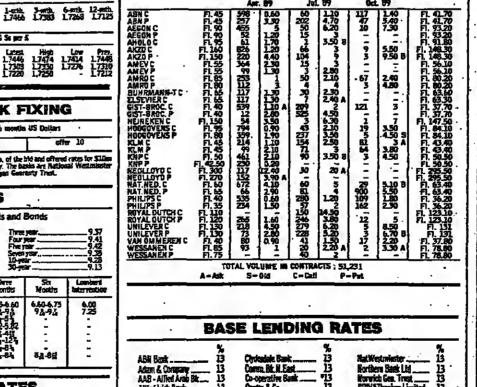
93.60 92.99 92.37

Estimated Vehicle 25242 (12834) Previous day's open int. 22712 (22657) POUNDS CREMENCH EXCHANGE

89.82 89.91 89.81 89.93 89.82 89.91 89.83 89.93

		HONE	/ RAT	ES					
NEW YORK		Treasury Bills and Bonds							
Lunchtime		One month			760	9.37			
Prime rate Broker loan rate Fed funds Fed funds at intervention.	107-7	Two month		9.04 Seven 9.37 10-ye	787	9.41 9.42 9.25 9.28 9.13			
Feb.22	Overalght.	One Month	Two	Three Months	Six Months	Lowbert			
Frankfurt.	5.90-6.00 84-9	5.75-5.90	6.20-6.35	6.45-6.60	6,60-6,75	6.00 7.25			
Zerich	44-54 587-612	551-57 5.58-5.68		5.72-5.82		:			
Tokyo	311-4 114-124	12 4-12	:	41-43	:	:			
Brussels	72-74	74-74	77.81	84-84	8 <u>8</u> .6g	-			
	LOND	ON MO	DNEY	RATE	's				

12   12   12   13   13   12   12   12	Feb.22	Overnight	7 days notice	Month	Months	Six Months.	One Year
12   12   12   12   12   12   12   12	erbank Offer		124	12%	134	134	12%
12   12   12   12   12   12   12   12	eritos CD-	1 17.5	1212	124	1 .23	13	1213
12   12   12   12   12   12   12   12	cai Authorise Poss	1 - 1	144	12.3	175	122	143
12   12   12   12   12   12   12   12	cal Authority Beads	, 4	12%	142	٠,	14%	164
127	scount Mk! Dees	124	125	124	121	! - 1	_
123   13   13   13   13   13   13   13	mpany Deposits	1 - I	15.3	157	137	13	12%
eastry 811s (Boy)	Dance Holke Denosits	] .	-	122	1 13	13	13
unk Bills (Buy)	Basiny Bills (Rom)	] _	_		1217	- 1	-
ne Trade BHIs (Bur)   131, 123, 123, 124, 134, 135, 124, 134, 125, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 124, 135, 135, 135, 135, 135, 135, 135, 135	rik Bills (Suv)		-	125	1288	124	•
Rt Linked Dep Offer	ne Trade BHIs (Buy)	1 - I	-	134	13%	12%	-
Ulnked Gep Offer   -   7   B4   B5   81   B4   91   91   91	llar CDs	1 - 1	•	9.45-9.40	9.70-9.65	9.95-9.90	10,175
THE CLARGE DEPTH   1   1   1   1   1   1   1   1   1	R Linked Dep Offer	4 - )	-	B <sub>2</sub>		83	843
U United Dep Bid 81 81 91	A Princed Deb Bid ""	4 - 1	-	7.12		88	84
5 Clines Dep Bid 81 821 812 1 94	I I Inked Dep Offer	1 - 1	-	85	57		9.7
	O CIRICO DEP BId	· ·		84	877	812	94



**EUROPEAN OPTIONS EXCHANGE** 

45年

10 6.80 4 2 10 1.60 3.40 5.50 8.30 12

		%		%		%
	ABN Bank	13	Christale Bank	13	Nat Westmisster	13
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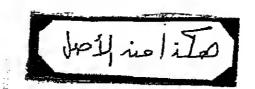
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FINANCIAL TIMES THURSDAY FEBRUARY 23 1989  WORLD STOCK MARKETS										
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**FINANCIAL TIMES** 

# Consumer prices rise sends Dow tumbling

#### **Wall Street**

A LARGER-than-expected increase in consumer prices in January, conpled with warnings about the risks of higher inflation from Mr Alan Greenspan, chairman of the US Federal Reserve, triggered heavy selling of equities yesterday. writes Janet Bush in New York. At 2 pm, the Dow Jones Industrial Average was off 36.79 at 2,289.64 on active vol-

ume of 93m sbares. The blue chip index opened weakly after the release of figures showing a 0.6 per cent rise in the Consumer Prices Index last month, following a 0.3 per cent gain in December. After the shock of a 1 per cent jump in producer prices in January, a substantial gain bad been expected, but the CPI increase was still above the consensus forecast of a 0.5 per cent first hour of trading, and by early afternoon the Dow was off almost 41 points. The fall almost wiped out four successive days of rising prices and pulled the Dow below the 2,300 level, which had proved a formidable obstacle on the index's

The consumer prices figures were given even more attention by the financial markets yesterday because they coincided with the secood day of the Humphrey-Hawkins testimony to Congress by Mr

He used the session to deliver more warnings about the risks of higher inflation, including the caveat that the next recession - which, he said, was inevitable because of imbalances in the economy would be deeper and more prolonged if inflation were allowed to rise. His aggressive talk on inflation has, however, been balanced by a generally optimistic tone on the chances of hudget deficit reduction and therefore lower interest ratss. Hs has also said monetary policy was about on track.

Given that nobody really believes that the Administratioo's approach to deficit reduction so far constitutes anything more than creative accounting, the willingness of markets to helieve in Mr Greenspan's optimism is somewhat surprising.

Even the Treasury bond market, which is normally a fairly good indicator of infla-

tionary expectations, has fallen only modestly, given January's evidence of higher inflation. It was something of a sur-prise that the equity market reacted more clearly to infla-tionary concerns yesterday than the bond market. One reason is that the equity market had already made a substantial

rally since the latter part of last week and had failed to advance further on Tuesday when the Dow closed with a

marginal gain of 1.61 points.

One factor that helped the equity market to stabilise hriefly at lower levels yester-day was the resilience of the dollar, which bounced back from its early lows after the CPI release. Even this should not be that positive a signal for equities, however, as the doliar's bounce was partly on expectations of higher interest rates - not, in theory, good for stocks.

Among individual issues, Champion Spark Plug dropped \$1% to \$21 on news that the company had agreed to be acquired by Cooper Industries for \$21 a share and Dana had withdrawn its \$17.50 a share

Fischbach slumped \$2% to \$17% on concern that there has been no news on the financing

of a \$25-a-share hid for the company by Mr Andrew Heine,

Petrolane Partners added \$1% to \$25%. Panhandle Eastern, which has made a \$53-a-share offer for Texas Eastern, said that it intended to sell the latter's 43 per cent stake in Petrolane within 60 days if its bid were successful.

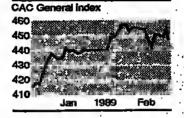
#### Canada

CONCERN over US inflation and its probable effect on interest rates knocked Toronto share prices. At midday, the composite index was off 26.1 at 3,582.2 on volume of 17.3m shares.

.Corona was unchanged at C\$8%. Dickenson Mines said it would seek an order to force Corona to extend its bid for Dickenson Class B shares to the Class A stock. Dickenson was up C3% at C\$7.

# Frankfurt





and Popular gained ground, with the former rising 13 points to 821 of par and the latter climbing 5 to 1,615. STOCKHOLM rose

another all-time high on opti-mism over corporate results, with turnover at a moderate SKr316m. The Affärsvärlden general index added 7.4 to 1,092.5. Investment, engineer-ing and forestry stocks were all

BRUSSELS was generally easier following another rise in the three-month treasury certificate rate. Steel stocks saw heavy trading again.

#### **ASIA PACIFIC**

# Investment trust demand helps Nikkei rally sharply

#### Tokyo

A FLOOD of buy orders from newly established investment trusts wiped out any bearish thoughts left after Tuesday's sharp fall and sent the Nikkei average to a new high, writes Michiyo Nakamoto in Tokyo.

Share prices climbed through the day to close up 331.85 at a record 32,311.93. That was just below the day's high of 32,312.62, while the low was 32,006.94. Advances led declines by 488 to 437 while 155 issues finished unchanged. Turnover rose to 1.44hn shares from 1.21bn on Tuesday. The Topix index of all listed shares gained 19.13 to 2,472.04

and in London the ISE/Nikkei 50 index rose 6.72 to 1,975.02.

Activity was boosted by the launch of new investment trusts, estimated to have a total value of Y55bn. An additional Y600bn worth of invest-ment trust funds are expected anybody was in doubt, that was proof "there is still a lot of liquidity around," one analyst

Part of the huying was thought to have come from the trusts to be launched today in order to spread such heavy demand over more than ons

Although investors had been worried about possible restric-tions on margin transactions, buying yesterday seemed hardly affected by such con-cerns. Investment trusts are more interested in longer-term factors, so such restrictions would probably have little effect on their buying, said an analyst at New Japan Securi-

There were two main themes to the day. The first was speculation that the Government would announce plans to build a line for linear motor cars, enabling travellers to reach Osaka in an hour instead of the two and a half hours it now takes. Among the beneficiaries was Toshiba, the most actively traded issue with 83.5m shares, which advanced Y60 to Y1,230. Daido Steel, second in volume terms with 58.1m shares, has been involved in the development of linear motors and rose

Fuji Electric, also heavily

traded, gained Y65 to Y1,030, and Japan Steel Works, which owns land in Fuchu, where a linear motor line is likely to pass, added Y110 to Y1,500. The second theme was the build-up of Japan's infra-structure, centring on the con-struction of more highways

and three new hullet train lines. There have been spectacular rises in a number of the leading construction companies, especially those that excel in civil engineering.

Among them, Sato Kogyo, noted for its tunnel-building expertise, surged Y270 to

Y2.520 in heavy trading. Taisei, which was third on the volumes list with 53.6m shares, added Y70 to Y1,770. Shimizu also gained Y70 to Y2,230. Nippon Telegraph and Tele-phone, which has been hit by the involvement of a number of former executives in the Recruit share scandal, fell to a low of Y1.60m during the day, but attracted some buy orders at that level and closed Y10,000 lower at Y1.61m.

Investors sought high-tech-nology issues in Osaka and the OSE average added 140.99 to 30,376.95. Volume improved to 134m shares from 102m. Sato Kogyo rose Y300 to Y2,520.

#### Roundup :

HIGHER metal prices, expectations of good corporate results and the strength in neighbour-ing Tokyo helped Asia Pacific markets to a firmer finish. AUSTRALIA was buoyed by the continued weakness of the local dollar. Share prices closed near the day's highs on both overseas and domestic

The All Ordinaries index climbed 11.5 to 1,492.9 and turnover reached 97m shares worth A\$211m. The firm local price for bullion aided gold stocks, while banks were also in demand. In golds, Poseidon jumped 40

cents to A\$2.55, Sons of Gwalia put on 20 cents to A\$5.30 and Metana and Barrack Mines each rose 15 cents to A\$4.40 and A\$3.65 respectively. Brambles climbed 15 cents to A\$11 and BTR Nylex found 18 cents to A\$9.14 in anticipation

of good results from the indus-

trial groups today. Mayne

A\$5.56 on news of higher interim profits.

Perth-based Carabooda saw a second session of active trad-ing in anticipation of its priva-tisation, ending unchanged at 22 cents with 4.3m shares

HONG KONG was cheered by the record close in Tokyo and finished firmer after oscillating throughout the session. The Hang Seng index rose 10.92 to 3.161.56, after having fallen by 19 points in early

trading.
Fading fears of higher interest rates helped property stocks, with Hongkong Land the most active issue, rising 30 cents to HK\$11.50 on turnover of 5.6m shares. Total volume for the market was worth HK\$1.3bn, against HK\$1.7bn on

Tuesday.
SINGAPORE benefited from short-covering, which helped hoost turnover and take the Straits Times industrial index up 7.22 to 1,138.75.

Demand focused on stocks in the plantation, shipyard, retailing and hanking sectors on expectations of strong earnings. Volumes rose to 56.3m shares from 45.6m on Tuesday. United International Securities rose 13 cents to S\$1.38, helped by its one-for-five bonus issue. But nswly-listed Wing Tai remained the focus of attention, with 9.5m shares traded, and rose 6 cents to

551.93 SEOUL reached an all time high as small investors rushed to the market amid speculation that President Roh would announce market-hoosting measures on February 25, the amiversary of his first year in office. The composite index gained 6.62 to 924.32, just above the previous high of 922.56 on December 14 last year.

MANILA was buoyed by bigher metals prices and speculation in the oil sector. The composite index rose 16.33 to 839.06 in active trading after recent weakness.

#### **SOUTH AFRICA**

GOLD shares benefited once again from the negative outlook for inflation and a firmer hullion price, as investors went shopping for select issues in Johannesburg.

-

# Frankfurt retreats to year's lows

THE WEST German market dropped by more than 1 per cent as growing nervousness over inflation and interest rates sent leading European bourses into retreat, writes Our

Markets Staff.
FRANKFURT sank to its lowest level of the year as agi-tation over rising interest rates was exacerhated by further signs of tightening by the Bundesbank in the latest secu-

rities repurchase pact tender.

The FAZ index fell through the chart resistance level of 550 and this was taken as a sell signal by German market makers. The index ended 6.14 lower at 547.66, just below its previous low of 548.23 on January 2, with few stocks going against the trend. The next resistance points are seen as 540 and 520. The DAX index dropped below 1,300 for the first time since December to close 15.35, or 1.2 per cent, lower at 1,292.17. Turnover remained thin at DM2.85hn worth of domestic shares, though an improvement on levels earlier

The Bundeshank accepted bids for DM6.2bn compared DM2.2bn is being removed from the markst. The pact rates were 6 to 6.25 per cent, compared with 5.3 to 5.8 per

cent previously. The allocation fuelled expec tations of a rise, at least in the Lombard rate and possibly in the discount rate, at next Thursday's Bundesbank coun-cil meeting. A steep fall in the bond market added to the gen-

eral nervousness Banks were hit because of their immediate exposure to interest rates, with Deutsche losiog DM6 to DM506.50. Insurer Allianz, a generally volatile stock, fell DM36 to DM1.730.

Construction issne Holzmann shed DM22 to DM659 in profit-taking after its powerful run. Steelmaker Klöckner-Werke fell DM2.70 to DM147.50 before announcing an operat-ing profit of DM131m, up from DM1m in 1987, with the turn-round helped by heavy demand

PARIS turned nervons in afternoon trading as Wall Street weakened and the US inflation news emerged. Early gains gave way to profit taking

news about and the big share movements were all on the loss side. The CAC 40 index finished 20.55 lower and the OMF 50 index fell 4.42 to 460.75.

Synthelabo, the fine chemi-cals company, dropped 6.4 per cent, from FFr534 to FFr500. SFIM gave up much of the pre-vious day's 8 per cent jump, falling FFr95 to FFr1,655 - a

drop of 5.4 per cent.

BSN denied persistent rumours of a link-up with Perrier and ended FFr3 lower at FFr656 after rising to FFr679.

Perrier fell FFr45 to FFr1,640,

having been up FFr59.

AMSTERDAM ended lower after the US consumer prices came in at the high end of expectations, adding to worries over inflation, and the Dutch central bank raised its money market rate to 6.4 per cent from 6.3 per cent. The CBS tendency index lost 1.4 to 164.5 in moderate volume. Philips eased 50 cents to Fl

36.20 before today's 1988 results, which are expected to show a rise in profits thanks mainly to a large extraordinary gain from the sale of 53 per cent of its white goods division to Whirlpool of the US.

Party congress. Optimism about the political outlook is growing now that Prime Minis-ter Ciriaco De Mita seems to have won the full support of the party for his programme, said one analyst. The Comit index edged up 1.28 to 592.71 with turnover estimated to be little changed

continued thin trading as

investors awaited the conclu-

sion of the Christian Democrat

from the L100bn level of the last few days.

ZURICH remained quiet as interest rate worries grew, and the Crédit Suisse index added

just 1.3 to 554.2. Business services company Surveillancs reported record annual profits and an increased dividend, which helped push its registered stock np SFr100 to SFr4,900 and its participation certifi-cates SFr160 higher to SFr5.100. One analyst reported switching from employment services agency Adia, whose bearers dropped SFr110 to

MADRID picked up after several sessions in the doldrums, with the general index rising 1.43 to 274.10. Banks were

# Amsterdam suffers glut of indices

Laura Raun on the yardsticks that are double Dutch to investors

ness the number of stock mar-domestic and international ket indices and sub-indices on the Amsterdam bourse, which have proliferated to such an extent that some observers are

downright confused. Amsterdam investors now have the duhious honour of being able to choose from about 30 share indices and suh indices, when just two years ago there were only

The start of this year saw the introduction of two new indices, and confusion mounted Both had "all share" sub-indices, but one index was also called the "all share"

To set the record straight, here is a primer to Dutch indi-The Central Bureau of Statistics (CBS) calculates all the indices, of which three are now

most widely used: the CBS all share index, CBS tendency

700 many yardsticks index and CBS total return can blur that which is index. Each in turn has several being measured. Wit- sub-indices, such as all share,

The CBS all share and CBS total return indices - both of which were launched this year - reflect longer term price changes, while the CBS ten-dency index provides intra-day snapshots of the market. The all share index is apparently the most commonly used hy securities analysts, while the total return index is favoured by portfolio managers.

The all share index tracks

movements of about 200 listed Dutch stocks and excludes investment funds, property funds and holding companies. The base level is prices at the end of 1983.

This index is considered a "market portfolio," because weightings are continuously adjusted without adding to or subtracting from overall capi-talisation. Thus it reflects the relative daily importance of

each stock on the bourse. The total return index tracks movements of officially listed stocks with the same excep-tions as with the all share index, but cash dividends are reinvested in the portfolio. Both the all share and the total return indices are adjusted for changes in share capital and are calculated once a day,

based on closing prices. eanwhile, the ten-dency index is calcu-lated seven times a day and reflects the move-ments of the 40 most actively traded stocks in comparison with a base level which is annually updated and is now the end of 1987.

Until this year, the ANP-CBS all share index was the most widely followed yardstick, but it is being phased out as a daily index on May 1, after which it will be calculated

The outdated index - a joint effort hy CBS and the ANP

Dutch news agency - is heavily weighted toward a handful of international stocks, with Royal Dutch/Shell and Unilever accounting for nearly

half of the portfolio.

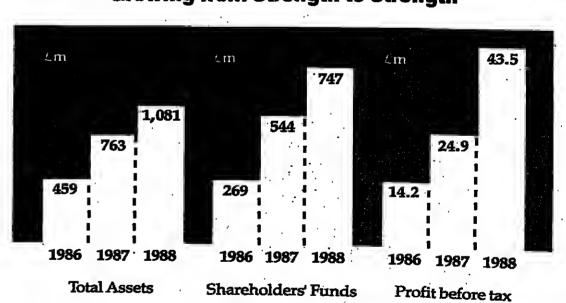
Mr Fokko Tuin, a securities analyst with Kempen and Co, says the ANP-CBS index indirectly forces portfolio managers to hold a lot of Royal Dutch and Unilever stock. That means running a big risk of underperforming the market as well as a possibility of outper-

To allow the investor to choose whether, when and how to invest in the majors, the CBS all share and CBS total return indices have an all share suh-index including Royal Dutch/Shell as well as one that excludes Royal Dutch.

The ANP-CBS all share index has also been criticised for being badly underweight in bank stocks and insurance shares, compared with both of those sectors' market capitalis-

# **Growing from Strength to Strength**

CAPITAL & COUNTIES



Profit before tax £43.5 million	+75%
Earnings per share	+22%
Net Assets per share492p	+23%
Total Assets£1.1 billion	+42%
Shareholders' Funds£750 million	+37%

These figures are an extract of the Preliminary Announcement issued on 21st February 1989. For a copy of the detailed Preliminary Statement or the Company's Annual Report to be issued in March, please contact the Company Secretary, St Andrew's House, 40 Broadway, London SW1H 0BU, Tel: 01-222 7878.

tents of this statement have been approved for the purposes of Section 57(1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in Englandana Wales to carry on investment business.

# **FT-ACTUARIES WORLD INDICES**

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY FEBRUARY 21 1989					MONDAY FEBRUARY 20 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Oiv. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89). Australia (18). Belglum (63). Canada (125). Denmark (39). Finland (26). France (130). West Germany (102). Hong Kong (44). Ireland (17). Italy (98). Japan (456). Malaysia (36). Mexico (13). Netherland (39). New Zealand (24). Norway (26). Singapore (26). South Africa (60). Spain (42). Sweden (35). Switzerland (57). United Kingdom (314). USA (568).	136.31 98.15 134.87 134.89 172.92 145.73 117.64 84.87 131.72 144.46 81.65 196.27 157.64 162.16 114.77 70.61 170.76 141.77 127.00 143.65 152.61 77.28 150.67 120.51	+0.1 +0.7 +0.1 +0.1 +0.1 +0.1 +0.1 +0.1 +0.1 +0.1	115.45 83.13 114.23 113.57 146.45 123.42 99.64 71.88 111.56 127.35 69.15 166.23 133.51 137.34 97.16 59.80 144.63 120.08 107.56 129.25 65.45 129.25	111.42 93.97 129.05 115.55 168.51 131.23 115.79 81.28 131.95 140.48 108.90 60.92 155.35 108.86 125.83 108.86 125.83 108.86 125.83 108.86 125.20 142.61 75.15 120.51	4.83 2.62 4.00 3.24 1.75 1.37 2.31 3.62 2.45 0.48 2.45 4.56 6.35 2.12 4.34 3.85 2.17 2.27 3.58	136.19 97.52 134.98 133.76 172.40 146.22 116.60 85.47 132.34 142.55 81.65 198.24 157.21 161.47 115.01 72.55 169.82 141.91 126.20 144.34 151.65 77.49 152.04 120.80	114.49 81.98 113.48 112.45 144.94 122.93 98.02 71.86 111.26 119.84 166.66 135.74 96.69 61.00 142.77 119.30 106.09 121.34 127.49 65.15 127.49 65.15 127.82 101.56	110.60 93.38 129.16 115.26 168.24 131.28 114.86 81.92 132.55 138.96 82.37 158.45 165.14 411.33 109.29 62.24 154.14 125.89 108.18 125.64 141.38 75.28 127.82 120.80	157.12 100.74 139.89 137.27 180.38 147.07 119.98 90.40 133.77 144.46 86.88 198.98 159.52 182.24 115.04 84.05 170.76 143.62 139.07 164.47 152.61 86.75 152.61 182.54 121.90	107.06 111.42 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 91.33.61 107.83 90.07 95.23 63.32 98.25 97.32 98.26 130.73 96.92 74.13 120.66 99.19	99.94 86.99 122.15 114.76 117.29 115.18 86.82 76.45 88.95 113.43 76.85 12.88 158.24 114.05 139.01 102.46 65.83 111.66 104.38 127.79 109.67 81.82 128.62 109.67 81.82 129.67 81.82 129.67 81.82 109.67 81.82 109.67 81.82 109.67
Nordic (126). Pacific Basin (675). Euro-Pacific (1681). North America (693). Europe Ex. UK (692). Pacific Ex. Japan (219). World Ex. US (1879). World Ex. UK (2133). World Ex. So. Af. (2387). World Ex. Japan (1991).	152.72 191.06 162.58 121.22 100.89 128.71 161.23 145.04 145.65 121.14	1-08 1-08 1-08 1-08 1-08 1-08 1-08 1-08	129.35 161.82 137.69 102.67 85.45 109.01 136.56 122.85 123.36 102.60	139.46 154.00 136.01 120.23 97.10 112.99 135.19 130.47 130.34 116.06	1.92 0.68 1.53 3.56 2.87 4.27 1.60 1.98 2.18 3.58	152.11 192.90 163.89 121.48 100.94 129.05 162.47 145.88 146.54 121.49	127.88 162.17 137.78 102.13 84.86 108.49 136.59 122.64 123.20 102.13	138.75 155.11 136.74 120.48 97.18 112.86 135.88 131.06 130.90 116.24	152.72 193.41 164.05 122.71 103.11 137.65 162.62 146.04 146.65 122.37	98.11 130.81 120.36 99.78 80.28 87.51 120.26 111.77 113.26 100.00	107.71 153.26 133.30 108.31 87.58 93.26 132.62 122.53 123.03 106.20

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.64 (US \$ Index), 114.44 (Pound Sterling) and 123.21 (Local).
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Incorrect price data for five securities from Extel Financial has made it necessary to recalculate the Danish, related regional and World Indices back to 1/8/88.Corrected daily indices available from FT Prices; Tel:London (01) 403 0669.
Latest prices were unavailable for this edition.